



CITY OF KNOXVILLE  
BILL HASLAM, MAYOR



# FY 2007/2008 PROPOSED OPERATING BUDGET

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**FISCAL YEAR 2007-2008  
PROPOSED ANNUAL OPERATING BUDGET  
CITY OF KNOXVILLE, TENNESSEE**

**MAYOR**  
Bill Haslam

**MEMBERS OF CITY COUNCIL**

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District Two:	Barbara Pelot
District Three:	Steve Hall
District Four:	Rob Frost
District Five:	Bob Becker
District Six:	Mark Brown, Vice Mayor
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At-Large:	Marilyn Roddy
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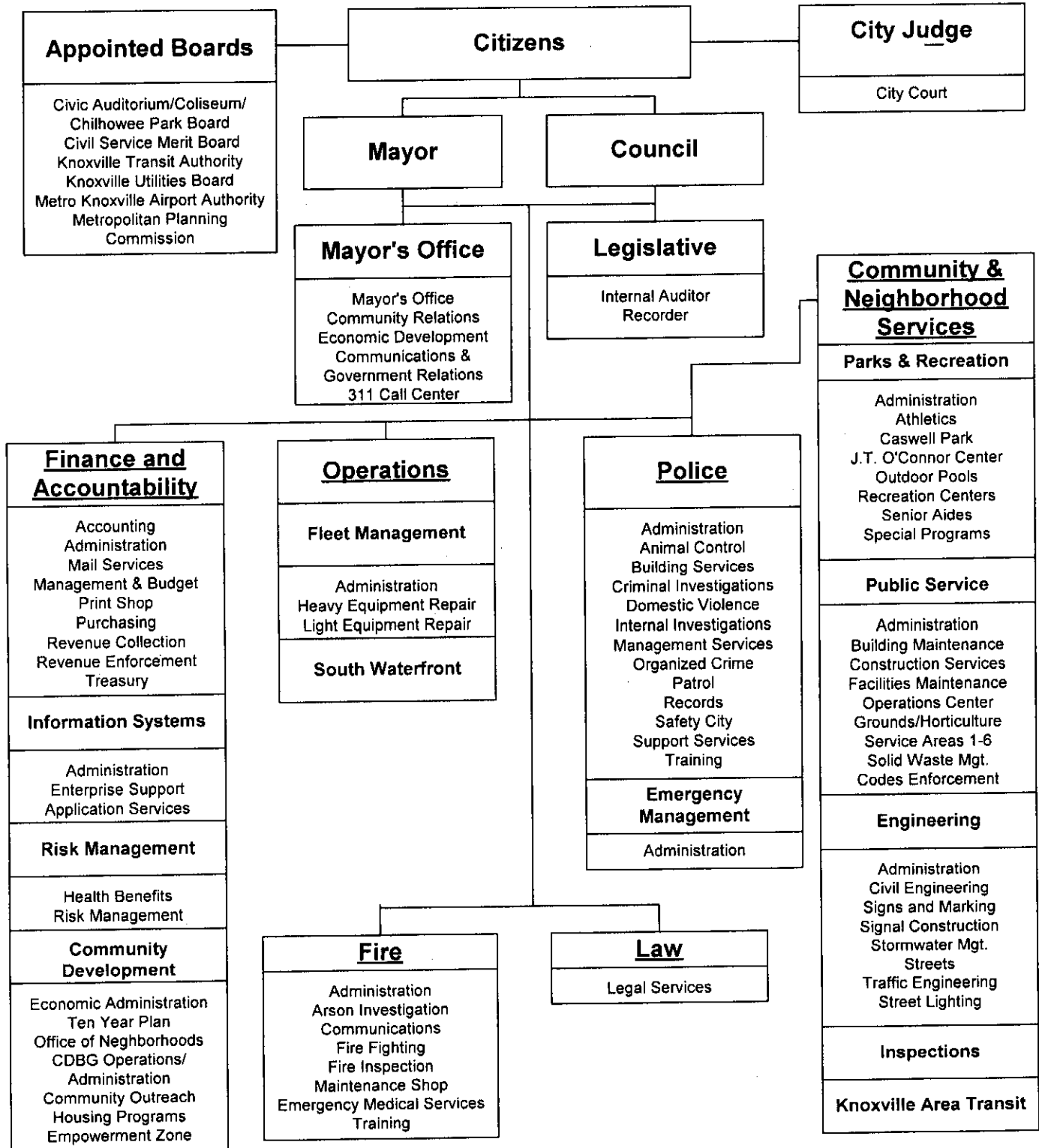
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James York

**OFFICE OF MANAGEMENT AND BUDGET**  
Boe Cole, Comptroller  
John Harold, Financial Analyst  
Blake Young, Financial Analyst

A special thank you to all the departments that contributed to this document.  
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# City of Knoxville

## Organizational Structure



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**City of Knoxville**  
**Table of Contents**

**Introduction**

Executive Summary .....	1
-------------------------	---

**Summary Information**

Budget Comparison - All Funds .....	5
Total Expenditures by Department .....	6
Net Budget .....	7
Net Revenues by Type .....	8
Net Expenditures by Type .....	9
Summary of Interfund Charges .....	10
Summary of Interfund Transfers .....	11
Authorized Full-Time Personnel .....	12
Full-Time Personnel by Department .....	13
Authorized Full-Time Personnel Chart .....	14
Changes in Full-Time Budgeted Personnel .....	15
Authorized Part-Time Personnel .....	16
Part-Time Personnel by Department .....	17
Changes In The Tax Rate .....	18
Adjusted/Equalized Tax Rate .....	19
Effect of Tax Rate on Homeowners .....	20
City/County Property Tax Rates .....	21
Assessed Values-All Property .....	22

**General Fund**

General Fund Revenue Summary .....	23
General Fund Revenue Comparison .....	28
General Fund Revenue .....	29
General/Other Funds Expenditure Summary .....	31
General Fund Expenditures By Department .....	36
General Fund Budget By Department .....	37
Equalized General Fund Budget .....	38
General Fund Revenues and Expenditures .....	39
General Fund Fund Balance .....	40
General Fund Authorized Positions .....	41
General Fund Permanent Full-Time Personnel .....	42
Grants To Community Agencies .....	43
General Fund Transfers .....	44

**Debt Service Fund**

Debt Service .....	45
Debt Service Schedule .....	46
Debt Amortization Schedule .....	47
Schedule Of Debt Payments .....	48
Remaining Debt Outstanding .....	49

**Capital Projects Fund**

Capital Improvements Budget .....	50
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CITY OF KNOXVILLE  
BILL HASLAM, MAYOR

## Executive Summary

The FY 07/08 budget, like all budgets, serves as a vision for the future. It is a means by which one establishes priorities and provides a mechanism for delivering on those priorities. The decisions that shape this budget have a lasting impact. Good decisions result in increased investment and future positive returns while poor decisions limit future flexibility and may result in unanticipated consequences and problems.

### General Overview

The proposed property tax rate for FY 07/08 is \$2.81 per hundred dollars of assessed value. Of this amount \$0.75 goes to the Debt Service fund to pay for bonded debt costs. The proposed tax rate is unchanged from FY 06/07. The average residential property in the City of Knoxville is appraised at \$82,324. For the average residential homeowner the total taxes paid will equal \$578.33. When adjusted for the impact of inflation and countywide reappraisals, the proposed tax rate is actually lower than it was ten years ago.

The total operating budget in fiscal year 2007/08 is \$341,384,940. The net budget, i.e., excluding interfund transfers and charges, which are effectively double counted within the budget, is \$251,558,710. The budget for the General Fund, which is the main operating fund of the city, equals \$163,005,920.

Budgeted personnel for FY 07/08 total 1,605 full-time positions and 36 part-time positions. This represents a gain of two full-time positions and no change in the number of part-time positions.

### Administrative Goals

The FY 07/08 budget is guided by the goals of this administration, as outlined in the strategic plan, "KNOXVILLE WORKS". These goals are:

Stronger, safer neighborhoods

City services you can count on at a competitive price

An energized downtown; everybody's neighborhood

More and better jobs

### Stronger, Safer Neighborhoods

As in the past, the largest portion of the budget is devoted to the operations of the Police and Fire Departments. As part of this budget, funding is provided to add two cadets to the Police Department staff. The cadets will be able to assume some duties such as parking enforcement and other activities. This will allow us to free up officer's time to perform other safety functions, a more efficient use of resources. Funding is also provided for new equipment to enhance communication and information flow among officers, and to provide specialized training equipment to the Department.

Within the Fire Department additional funding is provided for improvements to the training facility at Prosser Road, and the arson building. Additional funding is provided for such things as utilities, fuel, and other expenses. Due to its high cost, replacement of fire apparatus has been longer than desired. The budget increases the funding for fire vehicle replacement so that this problem can be corrected.

Stronger safer neighborhoods are, however, more than quality police and fire protection. It is important that these neighborhoods have quality infrastructure and are free from blight. This budget provides \$250,000 to address chronic problem properties, an increase of \$50,000 when compared to FY 06/07, and another \$200,000 for blighted property acquisition. The budget again includes \$300,000 for a commercial façade improvement program, proposes \$300,000 to go to KCDC for in-fill housing efforts. The budget grants \$20,000 to Knox Heritage to help them promote historic restoration throughout the City. Another \$300,000 is provided for such things as street realignments to assist neighborhood traffic.

The budget also adds the position of

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## Executive Summary

Neighborhood Coordinator. The individual filling this job will be tasked with working with various neighborhood groups to help them improve the quality of their areas.

The City has an on-going program to pave and maintain streets on a regular basis. Our schedule seeks to pave arterial streets at least once every ten years, collector streets every fifteen years and residential streets at least once every twenty years. To maintain this schedule the budget includes \$4.6 million for the City's paving program, an increase of \$400,000 when compared to the prior year budget. The budget also includes \$200,000 to begin an alley-paving program.

The budget continues annual funding of \$650,000 for the bridge replacement program. Funding is specifically designated for continued improvements to traffic signals. Also included is match money for various SAFETEA projects. Funding of \$1,000,000 is budgeted to complete the realignment of the Valley View - Washington Pike intersection, and \$200,000 is provided for improvements at Central Avenue and Merchants Drive. Funding of approximately \$1.5 million is also proposed for South Knoxville transportation improvements.

This budget includes \$100,000 to continue the traffic-calming program. Funding of \$150,000 is provided for ballpark and tennis court improvements in parks throughout the City.

The expansion of the City greenway system is proposed with funding included for several projects such as the Ten Mile Creek Greenway (\$300,000), the Upper Second Creek Greenway (\$82,300), and the Knox Blount Greenway (\$290,000). Funding of \$150,000 is also included to build restroom facilities in various parks. A total of \$100,000 is also recommended for golf course improvements, along with \$150,000 to go toward the replacement of the Fort Kid playground, and \$75,000 for improvements to the Fourth and Gill Park.

A total of \$350,000 is provided for sidewalk repair and maintenance. Additionally, \$400,000 is funded for new sidewalk construc-

tion, one of the most requested improvements cited in the citywide survey. Another \$250,000 is provided for ADA sidewalk enhancements.

The budget provides an array of funding to address drainage improvements in the neighborhoods. A total of \$1.2 million is provided to continue work in the First Creek drainage area and \$200,000 is included to complete the Cross Park Drive drainage project. In addition, \$250,000 is budgeted to continue the neighborhood drainage program.

### City Services at a Competitive Price

As mentioned earlier, one of the primary objectives of this budget is to increase efficiency. In the short term, this requires some operating and capital investment which will generate savings and improved operations later.

The budget continues to replace old and outdated computer systems. In FY 07/08 we will complete the implementation of the City's fleet management system, pay for the City's portion of upgrades relating to the Knoxville Geographic Information System and begin work to improve the permit tracking system. The City will also upgrade its e-mail system to improve operations and to bring it into compliance with new retention requirements. Funding is also included to replace the Municipal Court system and to provide a new loan management system for the Community Development division.

The City is continuing to refine its performance measurement system. The costs of doing this are incorporated into existing budgets but it is expected to result in improvements in future years. As part of this performance system the budget funds approximately \$750,000 to be used for performance pay. This is \$450,000 more than the amount budgeted in FY 06/07 and reflects the continued emphasis on performance based rewards.

### An Energized Downtown

The Mayor has called the downtown area "everybody's neighborhood", and the budget

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## Executive Summary

continues to address the development of the area. Specifically the budget provides \$1,000,000 for replacement of the Gay Street sidewalks, and \$100,000 for the replacement of the Jackson Avenue ramps. In addition, \$300,000 is included for Gay Street lighting improvements and \$100,000 is provided for cross walk repair and replacement in the downtown area. With the new downtown Cinema nearing completion as well as the other improvements to the area materializing there is a need for improved access from State Street to Gay Street. This is to be accomplished through an escalator between the two streets. New funding is provided to pay for the ongoing maintenance and operating costs for this escalator once it comes on-line.

The proposed Downtown Transit Center continues to move forward. Included in this budget is \$5 million to be added to the amount already allocated for this project. Of this amount \$500,000 comes from the City and the balance is from federal grants.

The downtown renovation is also moving southward. In the FY 05/06 and FY 06/07 budget funding was provided to begin the south Knoxville waterfront master plan. This budget includes \$10.2 million to begin the implementation of this plan. Of this amount \$9 million is to come from the issuance of new debt. This debt is in the form of tax increment financing (TIF), whereby the increased taxes from the redevelopment will be used to pay future principal and interest payments on the debt.

### More and Better Jobs

A solid economy is essential for any city. Recent efforts have shown promise in this area. The expansion of the Sysco Corporation to the Knoxville area promises to add over 200 high paying jobs. In addition over 500 jobs have been created through various business expansions and relocations in the last year (Source: Knoxville Chamber Partnership). This budget seeks to capitalize on this base and further enhance it. To aid in this effort the budget includes \$248,000 for further improvements to the I-275 business park. Also

in the budget is \$75,000 for clean-up of the Brookside Mill site. This should help in the marketing of the area for future development.

The Knoxville Zoo is one of the most visited attractions in the East Tennessee area and the budget contains \$1 million to be used for renovation of existing facilities and add facilities to the Kid's Cove area. This is the third phase of a multi-year contribution for this project.

The budget also continues the financial commitment to the Tourism and Sports Development Corporation to help promote tourism efforts and to attract visitors to the new Convention Center. Enhancing cultural opportunities also affects economic development. Operating contributions are made to the Knoxville Symphony, the Art Museum, and several other arts and cultural groups.

Job creation is a key objective of the Haslam administration. The proposed budget includes \$400,000 for the Jobs Now campaign, as well as other funding to aid the Chamber Partnership in their economic development efforts.

### Funding Issues

A number of challenges presented themselves during the preparation of this budget. In the recent past the City had significantly drawn upon its General Fund fund balance (reserves) to cover costs. This trend was stopped in FY 04/05. This budget also does not propose to utilize any General Fund balance. This is done to avoid jeopardizing the City's bond ratings and creating potential cash flow problems.

The City maintains a pension fund for its employees. Contributions are based on a five year smoothing formula. The prior performance of the stock market has affected the portfolio of this plan and has made it necessary to again increase the City's contribution rate this year to maintain full funding of the plan. The additional cost of doing this is approximately \$1.6 million over last year.



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## Executive Summary

The City is, like other employers and individuals, also faced with rising costs of health care. It is estimated that plan costs for employee health care will rise by fifteen percent (15%) beginning in the middle of the fiscal year. This is on top of a forecast nine percent (9%) increase during the past year. The approximate dollar cost of these increases is \$700,000.

The high cost of fuel and continuing utility rate increases have made it more difficult to contain costs. The budget assumes that fuel price hikes will continue and adds approximately \$250,000 to cover the costs of this commodity. Utility costs are also forecast to increase by approximately \$494,000.

The budget includes a 3.25% salary increase for all non-probationary employees effective for the full fiscal year. The budget also provides funding to implement the recommendations of the City's salary survey. These funds will primarily benefit entry level and lower paid workers. Total cost of the salary adjustments is approximately \$2.0 million.

### Accounting Changes

There are some accounting changes which affect comparisons between the FY 06/07 and FY 07/08 budgets. These changes primarily deal with some shifts in personnel. For example, some Police Department personnel have shifted from the General Fund to various special revenue funds. The reorganization has resulted in the renumbering of certain divisions

as well as the creation of new divisions. For example the Engineering Division is now part of the Community and Neighborhood Services Department and Community Development is now shown under Finance and Accountability. The South Knoxville Waterfront Division is now shown separately. The change in financial systems has also resulted in several new accounts being created. As a result items previously budgeted in one account may now be found among several other accounts. This affects only the account detail and should not generally affect comparisons at the Division or Department levels.

There is one change which affects the personnel count for part-time employees. Previously, Crossing Guards were included in the part-time personnel listing, and were budgeted under part-time salaries. In this budget the expenditures relating to this activity are shown under a different account, the same one used for event workers. The Crossing Guards now longer show in the personnel charts as well. This is strictly an accounting change, as there have been no changes in the program itself.

### CONCLUSION

The remainder of this budget includes additional summary material, and a more detailed discussion of revenue and expenditure trends. It is hoped that these materials will provide the reader with a more thorough understanding of the proposed operating budget.

## BUDGET COMPARISON - ALL FUNDS

Fiscal Year 2007/08

Fund No.	Fund Name	Adopted FY 06/07 Budget	Proposed FY 07/08 Budget	Dollar Change FY 06/07 - 07/08	Percentage Change FY 06/07 - 07/08
100	<b>General Fund</b>	155,244,900	163,005,920	7,761,020	5.00%
	<b>Special Revenue Funds</b>				
201	State Street Aid	4,915,000	4,910,000	(5,000)	(0.10%)
202	Community Improvement	90,000	90,000	0	0.00%
209	Abandoned Vehicles	587,850	795,000	207,150	35.24%
211	Animal Control	0	40,000	40,000	
213	City Court	3,950,480	4,857,490	907,010	22.96%
216	City Inspections	2,100,300	2,094,970	(5,330)	(0.25%)
220	Stormwater	1,984,100	2,130,110	146,010	7.36%
230	Solid Waste	10,000,340	9,960,090	(40,250)	(0.40%)
240	Miscellaneous Special Revenue	1,839,350	2,590,950	751,600	40.86%
250	Senior Aides	478,020	478,020	0	0.00%
264	Home Grants	1,673,210	1,731,930	58,720	3.51%
269	Emergency Shelter Grants	82,230	83,220	990	1.20%
270	Empowerment Zone	0	250,800	250,800	
290	Community Development Block Grant	2,269,750	2,126,370	(143,380)	(6.32%)
	Subtotal - Special Revenue Funds	29,970,630	32,138,950	2,168,320	7.23%
	<b>Debt Service Funds</b>				
305	Debt Services	24,735,780	26,487,250	1,751,470	7.08%
	Subtotal - Debt Service Funds	24,735,780	26,487,250	1,751,470	7.08%
	<b>Capital Projects Funds</b>				
401	Capital Projects	26,633,300	37,313,070	10,679,770	40.10%
	Subtotal - Capital Projects Funds	26,633,300	37,313,070	10,679,770	40.10%
	<b>Enterprise Funds</b>				
503	Public Assembly Facilities	3,837,550	3,943,510	105,960	2.76%
504	Metro Parking	1,025,840	1,545,190	519,350	50.63%
506	Convention Center	21,374,630	21,311,430	(63,200)	(0.30%)
507	Mass Transportation	16,310,950	17,428,990	1,118,040	6.85%
508	Municipal Golf Course	0	695,000	695,000	
	Subtotal - Enterprise Funds	42,548,970	44,924,120	2,375,150	5.58%
	<b>Internal Service Funds</b>				
701	Office Services	211,630	214,670	3,040	1.44%
702	Fleet Services	10,719,370	11,054,940	335,570	3.13%
704	Risk Management	8,248,420	8,359,180	110,760	1.34%
705	Health Care	12,151,160	14,027,760	1,876,600	15.44%
706	Equipment Replacement	1,828,300	2,231,730	403,430	22.07%
707	City Building	1,546,190	1,627,350	81,160	5.25%
	Subtotal - Internal Service Funds	34,705,070	37,515,630	2,810,560	8.10%
	<b>Grand Total</b>	<b>313,838,650</b>	<b>341,384,940</b>	<b>27,546,290</b>	<b>8.78%</b>

## TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2007/08

Department	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	2,233,000	90,000	0	525,000	0	0	2,848,000
Finance and Accountability							
Finance	3,285,880	0	50,000	0	0	24,833,340	28,169,220
Information Systems	3,584,370	0	0	700,000	0	0	4,284,370
Community Development	978,710	3,642,320	0	1,540,000	0	0	6,161,030
Subtotal - Finance & Accountability	7,828,960	3,642,320	50,000	2,240,000	0	24,833,340	38,594,620
Operations & Engineering							
Fleet Services	0	745,000	0	307,000	0	11,054,940	12,106,940
South Knoxville Waterfront	285,410	0	0	11,685,000	0	0	11,970,410
Subtotal - Operations & Engineering	285,410	745,000	0	11,992,000	0	11,054,940	24,077,350
Community and Neighborhood Services							
Public Services	18,934,870	10,272,320	0	704,000	0	0	29,911,190
Engineering	5,786,820	6,116,380	0	12,735,700	1,529,400	0	26,168,300
Inspections	0	2,094,970	0	0	0	0	2,094,970
Recreation	6,412,340	667,020	0	725,000	695,000	0	8,499,360
Knoxville Area Transit (KAT)	830,000	0	0	5,000,000	17,428,990	0	23,258,990
Subtotal - Community & Neighborhood Serv.	31,964,030	19,150,690	0	19,164,700	19,653,390	0	89,932,810
Law	1,672,960	0	0	0	0	0	1,672,960
Police							
Police	43,104,530	1,246,850	0	216,600	0	0	44,567,980
Emergency Management	296,610	0	0	0	0	0	296,610
Subtotal - Police	43,401,140	1,246,850	0	216,600	0	0	44,864,590
Fire	29,447,340	0	0	400,000	0	0	29,847,340
Board Administered/Other Departments							
Legislative	881,320	115,000	0	0	0	0	996,320
City Court	0	852,280	0	540,000	0	0	1,392,280
Civil Service	943,500	0	0	0	0	0	943,500
Convention Center	0	0	0	150,000	14,507,270	0	14,657,270
Public Assembly Facilities	0	0	0	881,300	3,943,510	0	4,824,810
Subtotal - Other Departments	1,824,820	967,280	0	1,571,300	18,450,780	0	22,814,180
Nondepartmental							
City Elections	280,000	0	0	0	0	0	280,000
City Buildings	0	0	0	0	0	1,627,350	1,627,350
Knoxville Partnership	540,000	0	0	0	0	0	540,000
Metropolitan Planning Commission (MPC)	713,430	0	0	0	0	0	713,430
Knoxville Zoological Park	909,920	0	0	1,000,000	0	0	1,909,920
Agency Grants	1,533,400	0	0	0	0	0	1,533,400
Waterfront	469,390	0	0	0	0	0	469,390
Community Action Committee (CAC)	469,250	0	0	203,470	0	0	672,720
Debt Service	0	0	11,673,770	0	6,819,950	0	18,493,720
Reserve	2,400,000	0	0	0	0	0	2,400,000
Miscellaneous Expenses	355,720	0	0	0	0	0	355,720
Transfers	36,677,150	6,296,810	14,763,480	0	0	0	57,737,440
Subtotal - Nondepartmental	44,348,260	6,296,810	26,437,250	1,203,470	6,819,950	1,627,350	86,733,090
GRAND TOTAL	163,005,920	32,138,950	26,487,250	37,313,070	44,924,120	37,515,630	341,384,940

## City of Knoxville

## NET BUDGET

Fiscal Year 2007/08

Fund No.	Fund Name	Adopted FY 07/08 Budget	Less Interfund Transfers Out	Less Interfund Charges In	Net Budget
100	<b>General Fund</b>	<u>163,005,920</u>	<u>(36,677,150)</u>	<u>0</u>	<u>126,328,770</u>
	<b>Special Revenue Funds</b>				
201	State Street Aid	4,910,000	(1,275,000)	0	3,635,000
202	Community Improvement	90,000	0	0	90,000
209	Abandoned Vehicles	795,000	(50,000)	0	745,000
211	Animal Control	40,000	0	0	40,000
213	City Court	4,857,490	(4,005,210)	0	852,280
216	City Inspections	2,094,970	0	0	2,094,970
220	Stormwater	2,130,110	0	0	2,130,110
230	Solid Waste	9,960,090	0	0	9,960,090
240	Miscellaneous Special Revenue	2,590,950	(416,600)	0	2,174,350
250	Senior Aides	478,020	0	0	478,020
264	Home Grants	1,731,930	0	0	1,731,930
269	Emergency Shelter Grants	83,220	0	0	83,220
270	Empowerment Zone	250,800	0	0	250,800
290	Community Development Block Grant	2,126,370	(550,000)	0	1,576,370
	Subtotal - Special Revenue Funds	<u>32,138,950</u>	<u>(6,296,810)</u>	<u>0</u>	<u>25,842,140</u>
	<b>Debt Service Funds</b>				
305	Debt Services	26,487,250	(14,763,480)	0	11,723,770
	Subtotal - Debt Service Funds	<u>26,487,250</u>	<u>(14,763,480)</u>	<u>0</u>	<u>11,723,770</u>
	<b>Capital Project Funds</b>				
401	Capital Projects	37,313,070	0	0	37,313,070
	Subtotal - Capital Project Funds	<u>37,313,070</u>	<u>0</u>	<u>0</u>	<u>37,313,070</u>
	<b>Enterprise Funds</b>				
503	Public Assembly Facilities	3,943,510	0	0	3,943,510
504	Metro Parking	1,545,190	0	0	1,545,190
506	Convention Center	21,311,430	0	0	21,311,430
507	Mass Transportation	17,428,990	0	0	17,428,990
508	Municipal Golf Course	695,000	0	0	695,000
	Subtotal - Enterprise Funds	<u>44,924,120</u>	<u>0</u>	<u>0</u>	<u>44,924,120</u>
	<b>Internal Service Funds</b>				
701	Office Services	214,670	0	(214,670)	0
702	Fleet Services	11,054,940	0	(12,096,870)	(1,041,930)
704	Risk Management	8,359,180	0	(7,486,880)	872,300
705	Health Care	14,027,760	0	(8,723,750)	5,304,010
706	Equipment Replacement	2,231,730	0	(2,001,730)	230,000
707	City Building	1,627,350	0	(1,564,890)	62,460
	Subtotal - Internal Service Funds	<u>37,515,630</u>	<u>0</u>	<u>(32,088,790)</u>	<u>5,426,840</u>
	<b>Grand Total</b>	<u>341,384,940</u>	<u>(57,737,440)</u>	<u>(32,088,790)</u>	<u>251,558,710</u>

## NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2007/08

Fund No.	Fund Name	Taxes	Licenses & Permits	Intergovt. Revenue	Charges For Serv.	Fines & Forfeits	Miscellaneous Revenue
100	General Fund	134,911,890	307,450	19,904,850	1,072,330	1,053,470	1,750,920
201	State Street Aid	0	0	4,850,000	0	0	60,000
202	Community Improvement	0	0	0	0	0	0
209	Abandoned Vehicles	0	0	0	380,000	0	435,000
211	Animal Control	0	35,000	0	0	0	5,000
213	City Court	0	0	0	0	4,766,310	91,180
216	City Inspections	0	2,207,030	0	0	41,520	0
220	Stormwater	0	147,500	0	0	0	13,970
230	Solid Waste	0	0	0	598,050	0	250,320
240	Miscellaneous Special Revenue	0	0	0	309,000	1,235,000	253,450
250	Senior Aides	0	0	424,850	0	0	0
263	House Grants	0	0	0	0	0	0
264	Home Grants	0	0	1,301,750	0	0	430,180
269	Emergency Shelter Grants	0	0	83,220	0	0	0
270	Empowerment Zone	0	0	250,800	0	0	0
290	Community Development Block Grant	0	0	1,956,370	0	0	170,000
305	Debt Services	25,101,130	0	0	0	0	1,386,120
401	Capital Projects	0	0	5,685,000	0	0	9,000,000
451	Chilhowee Park Capital Projects	0	0	0	0	0	0
503	Civic Auditorium/Coliseum/KCEC	0	0	0	1,670,430	0	78,000
504	Metro Parking	0	0	0	1,321,280	0	116,260
506	Convention Center	4,484,940	0	1,573,740	5,502,970	0	231,730
507	Mass Transportation	0	0	1,933,760	5,987,780	0	0
508	Municipal Golf Course	0	0	0	600,000	0	0
701	Office Services	0	0	0	0	0	0
702	Fleet Services	0	0	0	0	0	410,000
704	Risk Management	0	0	0	45,000	0	0
705	Health Care	0	0	0	0	0	4,281,160
706	Equipment Replacement	0	0	0	230,000	0	0
707	City Building	0	0	0	62,460	0	0
Grand Total		164,497,960	2,696,980	37,964,140	17,759,300	7,096,300	18,963,290

Percent of Net Revs. 65.39% 1.07% 15.09% 7.06% 2.82% 7.54%

Fund No.	Fund Name	Use Of/ (Addition To) Fund Balance	Net Revenues	Interfund Charges In	Interfund Transfers In	Total Revenues
100	General Fund	0	159,000,710	0	4,005,210	163,005,920
201	State Street Aid	0	4,910,000	0	0	4,910,000
202	Community Improvement	0	0	0	90,000	90,000
209	Abandoned Vehicles	0	795,000	0	0	795,000
211	Animal Control	0	40,000	0	0	40,000
213	City Court	0	4,857,490	0	0	4,857,490
216	City Inspections	(153,580)	2,094,970	0	0	2,094,970
220	Stormwater	0	161,470	0	1,968,640	2,130,110
230	Solid Waste	0	848,370	0	9,111,720	9,960,090
240	Miscellaneous Special Revenue	130,000	1,927,450	0	663,500	2,590,950
250	Senior Aides	0	424,850	0	53,170	478,020
263	House Grants	0	0	0	0	0
264	Home Grants	0	1,731,930	0	0	1,731,930
269	Emergency Shelter Grants	0	83,220	0	0	83,220
270	Empowerment Zone	0	250,800	0	0	250,800
290	Community Development Block Grant	0	2,126,370	0	0	2,126,370
305	Debt Services	0	26,487,250	0	0	26,487,250
401	Capital Projects	0	14,685,000	0	22,628,070	37,313,070
451	Chilhowee Park Capital Projects	0	0	0	0	0
503	Civic Auditorium/Coliseum/KCEC	334,000	2,082,430	0	1,861,080	3,943,510
504	Metro Parking	107,650	1,545,190	0	0	1,545,190
506	Convention Center	1,316,000	13,109,380	0	8,202,050	21,311,430
507	Mass Transportation	2,298,600	10,220,140	0	7,208,850	17,428,990
508	Municipal Golf Course	0	600,000	0	95,000	695,000
701	Office Services	0	0	214,670	0	214,670
702	Fleet Services	(1,451,930)	(1,041,930)	12,096,870	0	11,054,940
704	Risk Management	0	45,000	7,486,880	827,300	8,359,180
705	Health Care	0	4,281,160	8,723,750	1,022,850	14,027,760
706	Equipment Replacement	0	230,000	2,001,730	0	2,231,730
707	City Building	0	62,460	1,564,890	0	1,627,350
Grand Total		2,580,740	251,558,710	32,088,790	57,737,440	341,384,940

Percent of Net Revs. 1.03%

## NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2007/08

Fund No.	Fund Name	Personal Services	Supplies	Other Expenses	Debt Service	Capital
100	General Fund	71,598,320	3,612,490	22,214,940	0	0
201	State Street Aid	0	0	3,635,000	0	0
202	Community Improvement	0	0	90,000	0	0
209	Abandoned Vehicles	363,050	4,170	326,460	0	0
211	Animal Control	0	0	40,000	0	0
213	City Court	562,810	7,200	75,430	0	0
216	City Inspections	1,558,910	15,360	86,930	0	0
220	Stormwater	1,572,740	48,480	93,920	0	0
230	Solid Waste	416,020	20,130	9,009,000	0	0
240	Miscellaneous Special Revenue	175,550	167,290	1,809,830	0	0
250	Senior Aides	454,070	3,390	600	0	0
263	House Grants	0	0	0	0	0
264	Home Grants	183,220	0	1,533,620	0	0
269	Emergency Shelter Grants	0	0	83,220	0	0
270	Empowerment Zone	230,210	0	0	0	0
290	Community Development Block Grant	427,800	19,780	968,970	0	0
305	Debt Services	0	0	50,000	11,673,770	0
401	Capital Projects	0	0	0	0	37,313,070
451	Chilhowee Park Capital Projects	0	0	0	0	0
503	Public Assembly Facilities	1,863,350	207,040	1,507,530	0	0
504	Metro Parking	0	0	1,520,590	15,790	0
506	Convention Center	0	0	14,418,180	6,804,160	0
507	Mass Transportation	0	1,867,620	15,539,070	0	0
508	Municipal Golf Course	0	0	695,000	0	0
701	Office Services	92,590	29,870	44,220	0	0
702	Fleet Services	1,818,260	3,436,880	5,118,200	0	0
704	Risk Management	332,920	12,990	7,961,740	0	0
705	Health Care	133,350	9,720	13,829,760	0	0
706	Equipment Replacement	0	0	2,231,730	0	0
707	City Building	0	0	1,622,620	0	0
Grand Total		81,783,170	9,462,390	104,506,360	18,493,720	37,313,070

Percent of Net Exps. 32.51% 3.76% 41.54% 7.35% 14.83%

Fund No.	Fund Name	Net Expenditures	Interfund Charges Out	Interfund Transfers Out	Total Expenditures
100	General Fund	97,425,750	28,903,020	36,677,150	163,005,920
201	State Street Aid	3,635,000	0	1,275,000	4,910,000
202	Community Improvement	90,000	0	0	90,000
209	Abandoned Vehicles	693,680	51,320	50,000	795,000
211	Animal Control	40,000	0	0	40,000
213	City Court	645,440	206,840	4,005,210	4,857,490
216	City Inspections	1,661,200	433,770	0	2,094,970
220	Stormwater	1,715,140	414,970	0	2,130,110
230	Solid Waste	9,445,150	514,940	0	9,960,090
240	Miscellaneous Special Revenue	2,152,470	21,880	416,600	2,590,950
250	Senior Aides	458,060	19,960	0	478,020
263	House Grants	0	0	0	0
264	Home Grants	1,716,840	15,090	0	1,731,930
269	Emergency Shelter Grants	83,220	0	0	83,220
270	Empowerment Zone	230,210	20,590	0	250,800
290	Community Development Block Grant	1,416,530	159,840	550,000	2,126,370
305	Debt Services	11,723,770	0	14,763,480	26,487,250
401	Capital Projects	37,313,070	0	0	37,313,070
451	Chilhowee Park Capital Projects	0	0	0	0
503	Public Assembly Facilities	3,577,920	365,590	0	3,943,510
504	Metro Parking	1,536,380	8,810	0	1,545,190
506	Convention Center	21,222,340	89,090	0	21,311,430
507	Mass Transportation	17,408,690	22,300	0	17,428,990
508	Municipal Golf Course	695,000	0	0	695,000
701	Office Services	166,680	47,990	0	214,670
702	Fleet Services	10,373,340	681,600	0	11,054,940
704	Risk Management	8,307,650	51,530	0	8,359,180
705	Health Care	13,972,830	54,930	0	14,027,760
706	Equipment Replacement	2,231,730	0	0	2,231,730
707	City Building	1,622,620	4,730	0	1,627,350
Grand Total		251,558,710	32,088,790	57,737,440	341,384,940

Percent of Net Exps. 100.00%

## SUMMARY OF INTERFUND CHARGES

Fiscal Year 2007/08

From (Fund Name)	Fund No.	To Office Services Fund 701	To Fleet Services Fund 702	To Risk Management Fund 704	To Health Care Fund 705	To Equipment Replacement Fund 706	To City Building Fund 707	Grand Total
General Fund	100	161,320	11,406,310	6,703,830	7,558,550	1,810,080	1,262,930	28,903,020
Abandoned Vehicles	209	440	0	6,640	44,240	0	0	51,320
City Court	213	2,390	0	3,270	63,100	138,080	0	206,840
City Inspections	216	9,030	107,310	40,230	175,510	9,540	92,150	433,770
Stormwater	220	4,480	46,140	108,470	182,090	18,710	55,080	414,970
Solid Waste	230	780	338,070	105,670	70,260	160	0	514,940
Miscellaneous Special Revenue	240	0	0	0	21,880	0	0	21,880
Senior Aides	250	0	0	9,330	9,670	960	0	19,960
Home Grants	264	0	0	0	15,090	0	0	15,090
Empowerment Zone	270	0	1,560	750	10,520	0	7,760	20,590
Community Development Block Grant	290	11,620	18,720	10,500	61,180	4,480	53,340	159,840
Public Assembly Facilities	503	3,040	63,250	100,460	193,200	5,640	0	365,590
Metro Parking	504	0	0	8,810	0	0	0	8,810
Convention Center	506	0	1,210	87,880	0	0	0	89,090
Mass Transportation	507	14,460	0	0	0	7,840	0	22,300
Office Services	701	0	0	1,280	9,720	720	36,270	47,990
Fleet Services	702	1,930	114,300	288,890	258,710	960	16,810	681,600
Risk Management	704	1,420	0	2,270	31,350	3,950	12,540	51,530
Health Care	705	3,760	0	3,870	18,680	610	28,010	54,930
City Building	707	0	0	4,730	0	0	0	4,730
Grand Total		<u>214,670</u>	<u>12,096,870</u>	<u>7,486,880</u>	<u>8,723,750</u>	<u>2,001,730</u>	<u>1,564,890</u>	<u>32,088,790</u>

## SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2007/08

To (Fund Name)	Fund No.	From General Fund (Fund 100)	From State Street Aid Fund (Fund 201)	From Aban. Veh. Fund (Fund 209)	From City Court Fund (Fund 213)	From Misc. Spec. Rev. Fund (Fund 240)	From CDBG Fund (Fund 290)	From Debt Service Fund (Fund 305)	Grand Total
General Fund	100	0	0	0	4,005,210	0	0	0	4,005,210
Community Improvement	202	90,000	0	0	0	0	0	0	90,000
Stormwater	220	1,968,640	0	0	0	0	0	0	1,968,640
Solid Waste	230	9,111,720	0	0	0	0	0	0	9,111,720
Miscellaneous Special Revenue	240	663,500	0	0	0	0	0	0	663,500
Miscellaneous Grant Funds	250	53,170	0	0	0	0	0	0	53,170
Capital Projects	401	9,843,470	1,275,000	50,000	0	416,600	550,000	10,493,000	22,628,070
Coliseum/KCEC	503	1,861,080	0	0	0	0	0	0	1,861,080
Convention Center	506	3,931,570	0	0	0	0	0	4,270,480	8,202,050
Mass Transportation	507	7,208,850	0	0	0	0	0	0	7,208,850
Municipal Golf	508	95,000	0	0	0	0	0	0	95,000
Risk Management	704	827,300	0	0	0	0	0	0	827,300
Health Care	705	1,022,850	0	0	0	0	0	0	1,022,850
Grand Total		<u>38,677,150</u>	<u>1,275,000</u>	<u>50,000</u>	<u>4,005,210</u>	<u>416,600</u>	<u>550,000</u>	<u>14,763,480</u>	<u>57,737,440</u>



## Authorized Full Time Positions by Department

Fiscal Year 2007/08

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	24	0	0	0	24
Finance and Accountability					
Finance	43	0	0	11	54
Information Systems	30	0	0	0	30
Community Development	6	18	0	0	24
Subtotal - Finance & Accountability	79	18	0	11	108
Operations & Engineering					
Fleet Services	0	11	0	45	56
South Knoxville Waterfront	2	0	0	0	2
Subtotal - Operations & Engineering	2	11	0	45	58
Community and Neighborhood Services					
Public Services	286	21	0	0	307
Engineering	61	27	0	0	88
Inspections	0	31	0	0	31
Recreation	50	1	0	0	51
Subtotal - Community & Neighborhood Serv.	397	80	0	0	477
Law	13	0	0	0	13
Police					
Police	516	4	0	0	520
Emergency Management	3	0	0	0	3
Subtotal - Police	519	4	0	0	523
Fire	338	0	0	0	338
Board Administered/Other Departments					
Legislative	3	0	0	0	3
City Court	0	13	0	0	13
Civil Service	13	0	0	0	13
Public Assembly Facilities	0	0	35	0	35
Subtotal - Other Departments	16	13	35	0	64
Total - Full Time	1,388	126	35	56	1,605

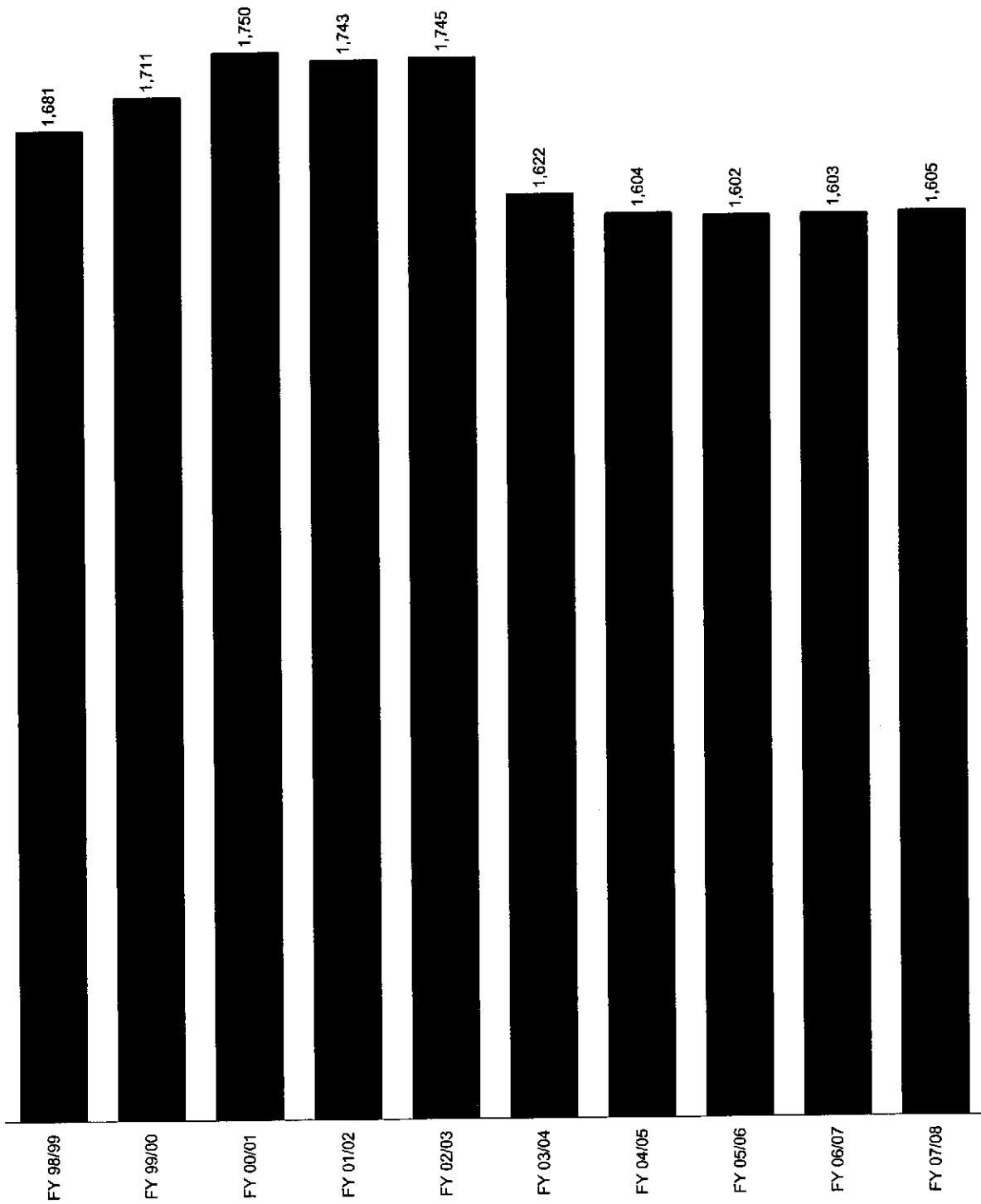
## Full Time Positions by Department

Fiscal Years 2003/04 - 2007/08

Department	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	Difference 06/07 - 07/08
Administration	21	19	24	24	24	0
Finance and Accountability						
Finance	47	54	55	54	54	0
Information Systems	28	29	29	30	30	0
Community Development	26	23	21	23	24	1
Subtotal - Finance & Accountability	101	106	105	107	108	1
Operations & Engineering						
Fleet Services	58	58	57	57	56	(1)
South Knoxville Waterfront	0	0	0	0	2	2
Subtotal - Operations & Engineering	58	58	57	57	58	1
Community and Neighborhood Services						
Public Services	315	283	309	307	307	0
Engineering	85	112	87	89	88	(1)
Inspections	30	30	31	31	31	0
Recreation	52	55	53	51	51	0
Subtotal - Community & Neighborhood Serv.	482	480	480	478	477	(1)
Law	25	13	13	13	13	0
Police						
Police	526	519	515	518	520	2
Emergency Management	4	3	3	3	3	0
Subtotal - Police	530	522	518	521	523	2
Fire	339	339	339	338	338	0
Board Administered/Other Departments						
Legislative	3	3	3	3	3	0
City Court	13	13	13	13	13	0
Civil Service	14	14	13	14	13	(1)
Public Assembly Facilities	36	36	36	35	35	0
Subtotal - Other Departments	66	66	65	65	64	(1)
Nondepartmental						
Knoxville Partnership	0	1	1	0	0	0
Subtotal - Nondepartmental	0	1	1	0	0	0
GRAND TOTAL	1,622	1,604	1,602	1,603	1,605	2

Authorized Full Time Personnel

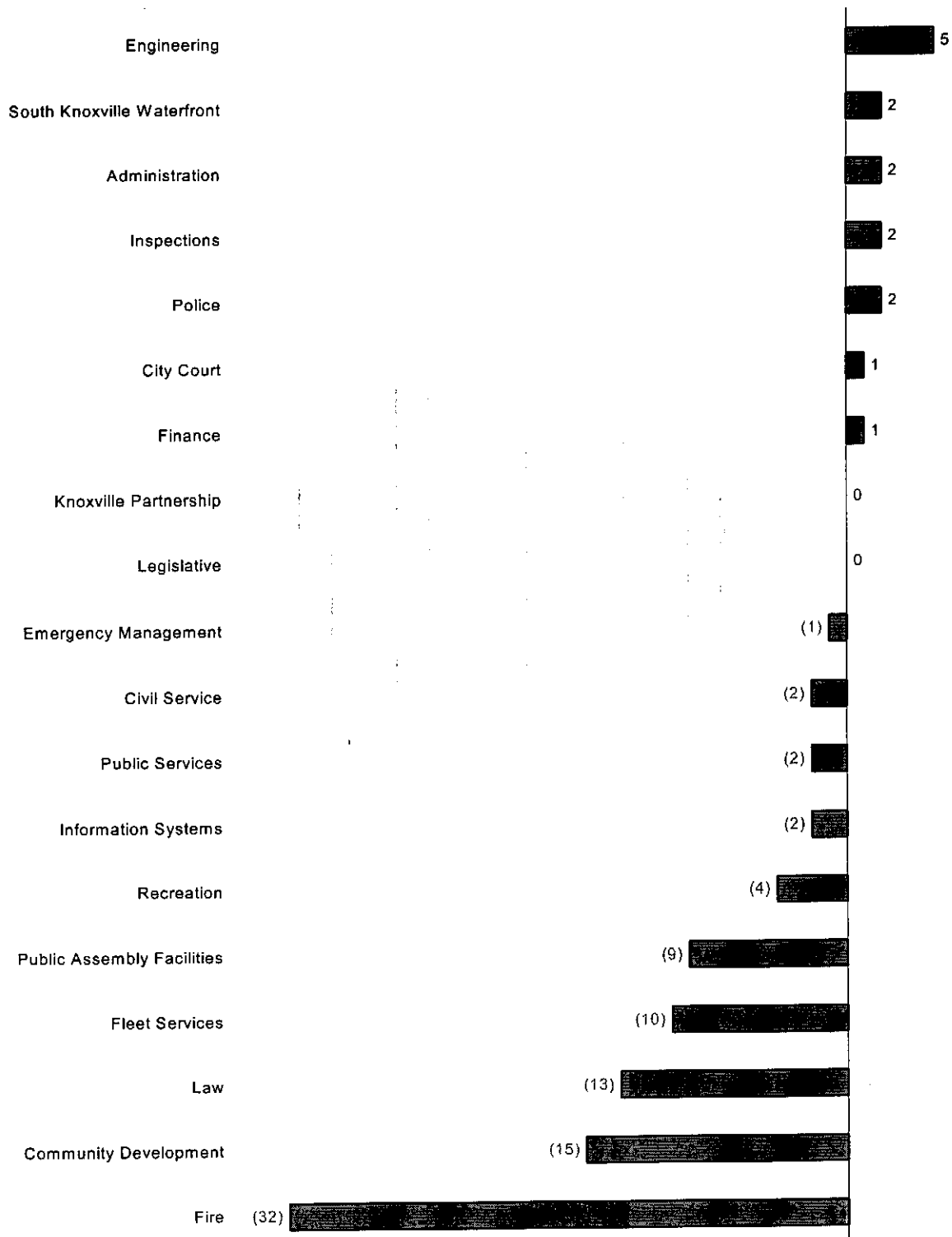
Fiscal Years 1998/99 – 2007/08



City of Knoxville

Changes in Full Time Budgeted Personnel

Fiscal Years 1998/99 – 2007/08



## Authorized Part Time Positions by Department

Fiscal Year 2007/08

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Finance and Accountability					
Finance	1	0	0	0	1
Community Development	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Subtotal - Finance & Accountability	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>2</u>
Community and Neighborhood Services					
Public Services	0	0	0	0	0
Engineering	1	0	0	0	1
Recreation	<u>15</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>16</u>
Subtotal - Community & Neighborhood Serv.	<u>16</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>17</u>
Law	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Police					
Police	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>
Subtotal - Police	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>
Fire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Board Administered/Other Departments					
Legislative	9	0	0	0	9
City Court	0	1	0	0	1
Public Assembly Facilities	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
Subtotal - Other Departments	<u>9</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>12</u>
Total - Part Time	<u>30</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>36</u>

## Part Time Positions by Department

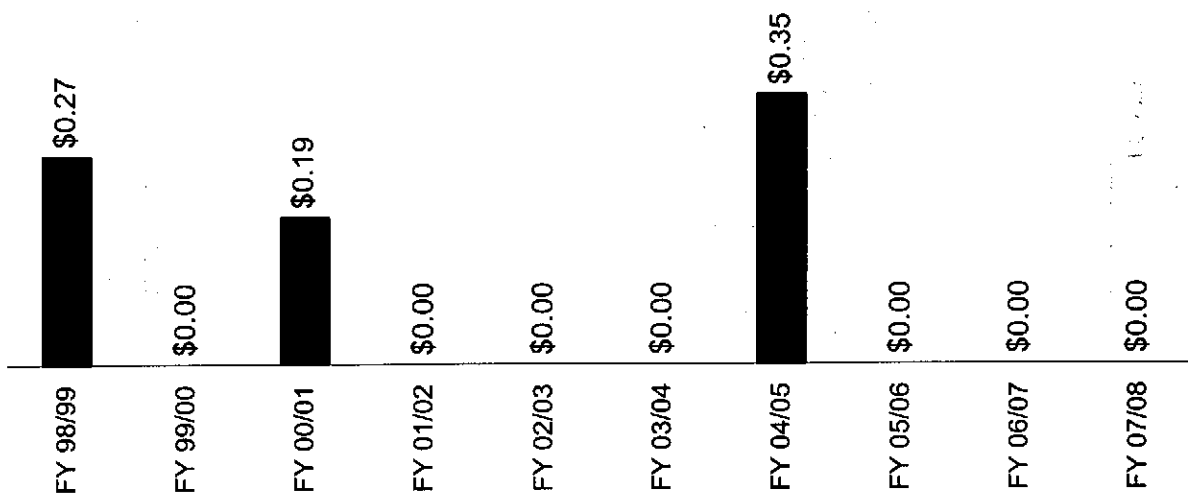
Fiscal Years 2003/04 - 2007/08

Department	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	Difference 06/07 - 07/08
Administration	1	1	1	1	2	1
Finance and Accountability						
Finance	2	1	1	1	1	0
Community Development	1	1	1	1	1	0
Subtotal - Finance & Accountability	3	2	2	2	2	0
Community and Neighborhood Services						
Engineering	2	2	2	2	1	(1)
Recreation	13	11	15	16	16	0
Subtotal - Community & Neighborhood Serv.	15	13	17	18	17	(1)
Law	1	0	0	0	0	0
Police						
Police	32	31	31	29	3 *	(26)
Subtotal - Police	32	31	31	29	3	(26)
Fire	0	0	0	0	0	0
Board Administered/Other Departments						
Legislative	9	9	9	9	9	0
City Court	1	1	1	1	1	0
Civil Service	0	0	2	1	0	(1)
Public Assembly Facilities	0	0	0	1	2	1
Subtotal - Other Departments	10	10	12	12	12	0
GRAND TOTAL	62	57	63	62	36	(26)

\* School Crossing Guards were formerly included in the Part-Time personnel count. They are now budgeted as event personnel and thus not included. School crossing guards are still included in the budget but not shown in this table. There is no other change in the Police Department.

**CHANGES IN TAX RATE**

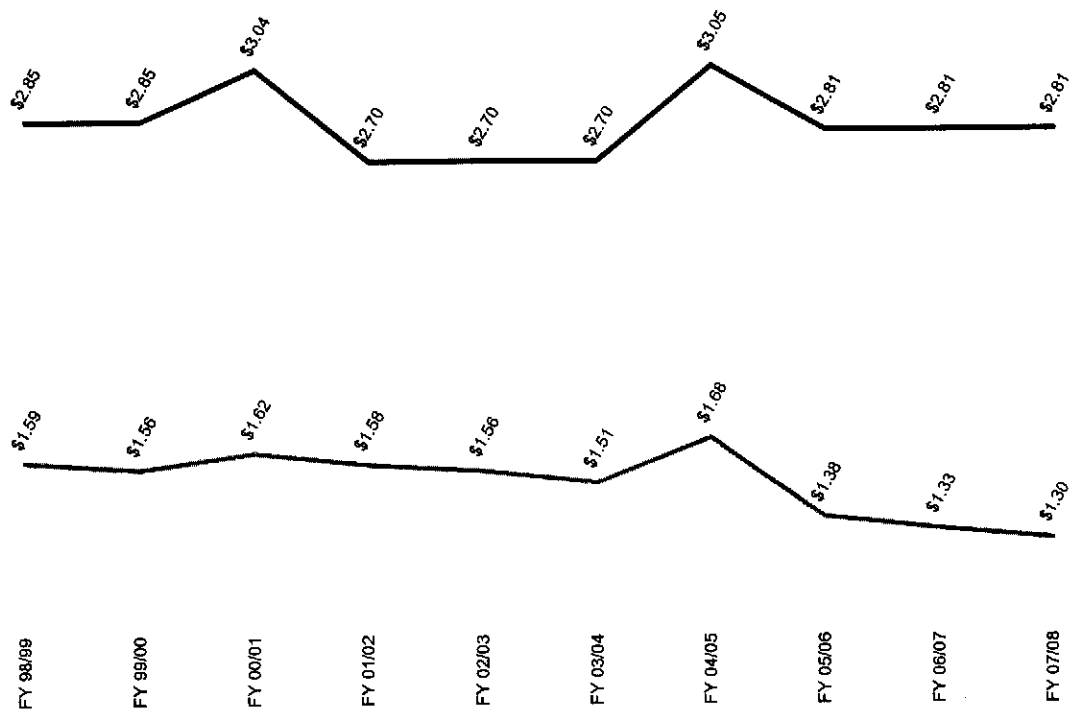
Fiscal Years 1998/99 – 2007/08



## City of Knoxville

### ADJUSTED/EQUALIZED TAX RATE

Fiscal Years 1998/99 – 2007/08



The above chart presents a ten year comparison of the actual (nominal) tax rate to the effective tax rate, that is, the tax rate after it has been adjusted for the effects of reappraisal by the Knox County Property Assessor and the impact of inflation. As can

be seen by the lower line, the effective tax rate has declined from \$1.59 in Fiscal Year 1998/99 to \$1.30 in Fiscal Year 2007/08. This means that the change in the tax rate has been less than the rate of inflation and equalization



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**EFFECT OF TAX RATE ON HOMEOWNERS**

In FY 2007/08 the proposed tax rate is \$2.81 per hundred dollars of assessed value. This is the same rate as FY 2006/07. The following chart summarizes the effect of the city's property tax on homeowners. As shown, a residential home appraised at \$60,000 would be assessed at 25% of that value, or \$15,000. Taxes due are per

\$100 of value, so the city property tax due for a \$60,000 home is \$421.50 (calculated by dividing \$15,000 by 100 and then multiplying by the city tax rate of \$2.81.) The average appraised value for residential property is \$82,324. For the average residential homeowner the total city property tax bill is \$578.33.

Appraised Value	Assessed Value (25%)	Property Tax Due
\$60,000	\$15,000	\$421.50
\$80,000	\$20,000	\$562.00
\$82,324	\$20,581	\$578.33
\$100,000	\$25,000	\$702.50
\$150,000	\$37,500	\$1,053.75

**City of Knoxville**

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**CITY AND COUNTY PROPERTY TAX RATES**

**FY 87/88 - FY 07/08**

Fiscal Year	City Rate	County Rate	City Combined Rate
FY 87/88	\$3.40	2.76	\$6.16
FY 88/89	\$3.24	2.91	\$6.15
FY 89/90	\$3.24	2.85	\$6.09
FY 90/91	\$3.24	2.85	\$6.09
FY 91/92	\$3.24	3.07	\$6.31
FY 92/93	\$3.51	3.25	\$6.76
FY 93/94	\$2.73 *	2.91 *	\$5.64
FY 94/95	\$2.87	2.91	\$5.78
FY 95/96	\$2.87	3.16	\$6.03
FY 96/97	\$2.87	3.16	\$6.03
FY 97/98	\$2.58 *	2.77 *	\$5.35
FY 98/99	\$2.85	2.77	\$5.62
FY 99/00	\$2.85	3.32	\$6.17
FY 00/01	\$3.04	3.32	\$6.36
FY 01/02	\$2.70 *	2.96 *	\$5.66
FY 02/03	\$2.70	2.96	\$5.66
FY 03/04	\$2.70	2.96	\$5.66
FY 04/05	\$3.05	2.96	\$6.01
FY 05/06	\$2.81 *	2.69 *	\$5.50
FY 06/07	\$2.81	2.69	\$5.50
FY 07/08	\$2.81	2.69	\$5.50

\* The Property Assessor is required by law to undertake a complete reappraisal of property at least every four years. This reappraisal was last completed in 2005. Whenever a property reappraisal occurs, cities and counties are required to adopt a "Certified Tax Rate". This is the rate that would generate the same amount of tax revenue as before reappraisal. The "Certified Tax Rate" in FY 05/06 for the City was \$2.81 and for the County \$2.69. This rate in effect discounts the increases in value resulting from reappraisal.

Note that taxes are levied per \$100 of assessed value.

**City of Knoxville**  
**ASSESSED VALUES - ALL PROPERTY**

**Fiscal Years 1983/84 - 2007/08**

Calendar Year	Total Real Property	Personal Property	Public Utilities	Total Assessments
1983	1,082,167,280	67,770,971	105,429,104	1,255,367,355
1984	1,079,627,084	77,145,411	97,515,150	1,254,287,645
1985	1,096,798,493	88,685,584	87,087,426	1,272,571,503
1986	1,102,016,383	98,407,484	111,100,000	1,311,523,867
1987	1,104,867,214	108,752,668	100,627,110	1,314,246,992
1988	1,122,742,024	112,676,654	104,899,443	1,340,318,121
1989	1,140,611,597	132,423,393	95,316,739	1,368,351,729
1990	1,172,891,487	143,085,759	101,472,718	1,417,449,964
1991	1,212,029,673	135,710,493	98,142,916	1,445,883,082
1992	1,238,194,477	132,547,101	96,552,849	1,467,294,427
1993	1,614,026,310 *	163,270,996	111,997,273	1,889,294,579
1994	1,614,271,095	177,150,854	119,230,340	1,910,652,289
1995	1,618,398,558	177,681,038	112,540,638	1,908,620,234
1996	1,623,659,535	184,552,898	115,766,135	1,923,978,568
1997	1,878,801,360 *	218,591,024	126,746,927	2,224,139,311
1998	1,934,290,885	242,537,032	128,589,318	2,305,417,235
1999	1,982,169,765	258,297,182	139,643,315	2,380,110,262
2000	2,028,588,845	260,949,460	136,081,340	2,425,619,645
2001	2,383,807,165 *	296,305,803	180,021,560	2,860,134,528
2002	2,438,014,810	304,602,014	174,625,693	2,917,242,517
2003	2,474,148,997	293,852,253	150,264,579	2,918,265,829
2004	2,525,476,515	302,687,562	157,887,475	2,986,051,552
2005	2,862,056,080 *	315,752,361	161,363,916	3,339,172,357
2006	2,920,636,035	329,685,195	145,503,340	3,395,824,570
2007 (Est.)	2,973,007,350	333,661,060	136,430,450	3,443,098,860

\* The Property Assessor is required by law to undertake a complete reappraisal of property at least every four years. These reappraisals were completed in 1993, 1997 2001 and 2005.

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 2007 assessments are used in the FY 07/08 budget. Residential property is assessed at 25% of the appraised value. Commercial/Industrial property is assessed at 40% of the appraised value and public utility property is assessed at 55% of the appraised value. The majority of public utility property is appraised by the Tennessee Public Service Commission. Personal property is assessed at 30% of the appraised value.

## GENERAL FUND REVENUES

Total General Fund revenues for FY 07/08 equal \$163,005,920. This represents approximately a 5.0% increase when compared to the budgeted FY 06/07 revenues of \$155,244,900. The adopted FY 07/08 budget does not include the use of fund balance to cover expenditures. Revenues are projected to increase by \$3,179,030 when compared to estimated actual revenues in FY 06/07. These increases are primarily attributable to general inflationary increases and modest anticipated growth in new residential and commercial property.

### TAXES

The largest single category of revenue to the General Fund is taxes. This one category equals \$134,911,890 or approximately 84.85% of the total revenue to this fund.

#### Property Taxes

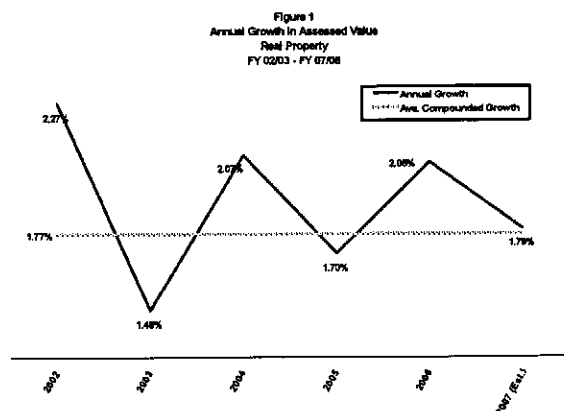
The largest revenue source within this category is property taxes. Property taxes are, in turn, divided into three types: taxes on real property, taxes on personal property, and taxes on public utilities.

There are four factors that determine revenues from property taxes:

- 1) The assessed value of property;
- 2) The state equalization rate;
- 3) The collection rate on property taxes;
- 4) The tax rate itself.

**Assessed Value and Equalization Rate:** Since 1983, the average growth in real property values has fluctuated widely. Growth was almost non-existent in the years between 1985 and 1988. This changed in the early 1990's with increases in the two to three percent ranges. The mid to late 1990's and early 2000's have been characterized, with the exception of reappraisal years, by this same fairly moderate growth. We expect this to continue into the new fiscal year and estimate the overall growth in real property to be approximately 1.79%. Higher growth is expected for commercial

property but this is offset in part by a slightly lower growth rate for residential property and by a projected continual decline in the value of industrial property, coupled with the elimination of the remaining locally assessed public utility property. For FY 07/08 the projected assessed value of real



property is \$2,973,007,350. In projecting the FY 06/07 numbers we lacked information from the Knox County Property Assessor. The final 2005 tax roll came in slightly lower than expected and this is reflected in the revised estimates for FY 06/07. The projected amounts for FY 07/08 are based upon the latest available data from the Assessor's Office.

The Property Assessor is unable to supply final estimates on the assessed value of personal property until after the adoption of the budget. Personal property tax growth rates have shown much more volatility than real property. In the 1980's the annual growth rate of this revenue source was frequently in the mid-teens. A change in state law in 1990, implemented a new accelerated depreciation schedule, and made other changes in the calculation of this tax. This change essentially halted the growth of this revenue source for several years. As a result of increased audits, an upward trend began in 1998. For the upcoming year we forecast the growth in assessed value to be a very modest 1.21%. This

revenue is also affected in part by the equalization rate. We forecast this rate to drop from 100% to approximately 93%, which accounts in part for the low growth rate forecast. As with real property, we did not have final numbers from the Property Assessor's Office until after passage of the budget. The actual tax roll grew at a slightly higher rate than we had projected, which explains the increase in forecasted FY 06/07 revenues from the FY 06/07 budget.

The third set of property tax revenues comes from taxes on public utilities, which are assessed by the Division of State Assessed Properties under the Office of the State Comptroller. These values are not supplied until January or February of the subsequent year and have typically varied little unless affected by a change in the equalization rate. Recent trends, however, have been negative, the result of many successful appeals of the state appraisals. We expect this downward trend to recur in the upcoming year and when combined with the forecast drop in the equalization rate, are now forecasting a 6.24% decline in assessed value for this category.

**Collection Rate:** In recent years, the City has collected an average of 94.0% of real property taxes, 91.9% of personal property taxes, and 97.2% of the taxes upon public utilities in the year in which they are levied. We utilize these averages in making our forecasts. The most notable change in these rates has been an increase in the collection rate for real property, a decrease in the collection rate for personal property, and a slight decrease in the collection rate for public utility property.

#### **Tax Rate:**

In FY 07/08 the budget is based upon a total tax rate of \$2.81 per hundred dollars of assessed

value, which is the same rate as in FY 06/07. The tax rate is apportioned between the Debt Service Fund and the General Fund. In FY 07/08, \$0.75 of the tax rate goes directly to the Debt Service Fund, unchanged from FY 06/07. The portion of the tax rate used for General Fund purposes is \$2.06. Combining all factors yields the budgeted revenue from property taxes as illustrated in Table 1.

When compared to the FY 06/07 budget, current projected property tax collections are up by \$1,075,390 in the General Fund, or approximately 1.64%.

#### **Tax Discounts**

The City offers a one percent discount on property taxes paid before the end of October. For FY 07/08 the anticipated discount in the General Fund is \$351,170, which is \$4,670 more than the FY 06/07 budgeted amount. The greater amount is due to the anticipated growth in real property, as we do not believe the percentage of individuals receiving a discount will deviate much from the current year.

This discount represents a reduction in the amount of revenues available to the General Fund. The discount allows the City to better manage cash flow,

avoid the need to issue tax anticipation notes, and increase interest earnings.

#### **Payments In Lieu Of Taxes**

Other revenues within the tax category include

the payment in lieu of taxes from the Knoxville Utilities Board (KUB) and Knoxville's Community Development Corporation (KCDC). The payment from KUB is based upon two components, one being the estimated property value owned by KUB and the second being an average of overall revenues. In FY 07/08 the KUB payment is expected to be \$11,416,690, which is \$450,810 or 4.67% below the budget for FY 06/07. This

**TABLE 1**

	Estimated Assessed Valuations	Est- Coll. Rate	Tax Rate per \$100	FY 06/07 Budgeted Revenue
Real Property	\$2,973,007,350	94.0%	\$2.06	\$57,569,310
Personal Property	333,661,060	91.9%	2.06	6,316,670
Public Utilities	<u>136,430,450</u>	97.2%	2.06	<u>2,731,770</u>
<b>TOTAL</b>	<b><u>\$3,443,098,860</u></b>			<b><u>\$66,617,750</u></b>

change is based upon modest growth in property held by KUB, and anticipated growth in average revenues, adjusted by the lowering of the equalization rate. The payment from KCDC is projected at \$29,050, which is \$4,120 more than budgeted in FY 06/07.

There are several other entities now making payments in lieu of taxes. These payments are part of the redevelopment strategy of the City. The largest of these payments comes from the Knoxville News-Sentinel and is budgeted at \$98,260. Other payments in lieu of taxes are expected to yield \$260,180.

### **Sales Taxes**

The City imposes, as the result of local referenda, a 2.25% local option sales tax on all sales within the city limits. Approximately 72% of the proceeds from the tax go to the Knox County School District, with the balance flowing to the City's General Fund. The revenues from this source comprise the second largest source of revenue within the tax category. In FY 07/08, local option sales tax revenues are expected to equal \$37,373,500 or 22.93% of total General Fund revenues. During the past two years we have seen extraordinary growth in this revenue source. This is due to overall statewide growth in spending as well as the development of the Turkey Creek shopping area, which has captured sales from other areas of the region. We do not believe that this recent growth rate is sustainable, in part, because of the continued rise in fuel prices, and a slight slowdown in housing starts. We are forecasting a growth rate of 3.0% over adjusted FY 06/07 collections.

### **Other Taxes**

Revenues from the beer tax, mixed drink tax, and the alcoholic beverage tax grew at a rapid pace in the early 1990's, but the rate of growth has slowed somewhat in recent years. In the past two years we have seen reasonable growth in beer taxes, a trend we expect to continue in FY 07/08. Revenues from beer taxes are expected to increase by \$482,210 when compared to the FY 06/07 budget. Total revenues from the beer tax are forecast at \$6,416,710. Alcoholic beverage taxes have also grown during the past two years, a trend we expect to temper during the upcoming year. Revenues from this source are expected to generate

\$2,275,460 in FY 07/08. This is \$167,960 more than the amount budgeted in FY 06/07. Mixed drink taxes are now forecast to be below budgeted levels in FY 06/07 and are forecast to remain static in the upcoming year. We are now estimating this revenue at \$1,124,970 in FY 07/08, which is \$112,430 less than budgeted in FY 06/07.

The improvement in the economy has also led to higher business tax collections. We currently expect to end FY 06/07 approximately \$339,640 above the budgeted amount. For FY 07/08 we are now projecting continued (1.5%) growth over expected FY 06/07 collections. Projected revenue from this source in FY 07/08 is \$4,655,850.

Cable television franchise taxes from Comcast are in line with projections for the year and we expect only modest growth in the new fiscal year. FY 06/07 is the first full year in which we have received revenue from Knology and this is reflected in the revised estimates for FY 06/07. These revenues are now forecast at \$1,541,220, which is \$167,520 or 12.2% more than the amount budgeted in FY 06/07.

## **INTERGOVERNMENTAL REVENUE**

The second largest revenue category of the General Fund is intergovernmental revenue, i.e., revenue that comes from another governmental unit, primarily the State of Tennessee. This category of revenue accounts for \$19,904,650 or 12.2% of total revenue. Overall, we expect this category of revenue to be up by \$314,930 or 1.66% when compared to the budget for FY 06/07.

The largest single revenue within this grouping is the state shared sales tax. Current year revenues from this source are now forecast to exceed budgeted revenues for this year, and are expected to grow at a moderate pace in FY 07/08. The total estimated amount in FY 07/08 from this source is \$12,760,820. This is \$450,680 more than the budgeted amount for FY 06/07.

The second largest revenue in this category is the city's portion of the Hall Income Tax. In FY 07/08 we are expecting revenue from this source to generate \$3,215,900, which is \$330,2000 more than the FY 06/07 budget

The City also receives a number of other state-shared revenues. Revenue from alcoholic beverage tax is expected to be unchanged from the amount budgeted in FY 06/07, at a total of \$70,500. Similarly, revenues from beer taxes are expected to remain virtually the same as in FY 06/07 at a total of \$86,400.

Revenue from the state excise tax, a tax upon the net earnings of state and national banks chartered in Tennessee, is, on the other hand, revised downward from FY 06/07. For FY 07/08 this is expected to generate \$581,500 or \$113,700 less than budgeted in FY 06/07.

Revenue from the special petroleum products tax is also expected to decrease slightly. This revenue is budgeted at \$393,420 or \$3,660 less than in FY 06/07. On the other hand, the City's share of TVA gross receipts is forecast to be up when compared to FY 06/07. The expected amount from this source is up from forecast levels and, consequently, we have revised our FY 07/08 projections upward. The result is an anticipated increase of \$178,910 or 13.74% when compared to the FY 06/07 budget.

The City has, in the past, received money from the federal government to help offset the cost of several police department positions. This money is listed as federal contribution.

This estimate shown here represents funding to pay overtime of officers working in the KCDC housing areas. The total amount budgeted for FY 07/08 is \$667,250 which is \$27,250 more than in the FY 06/07 budget.

The State of Tennessee has provided supplemental pay for police officers and firefighters in past years, and is listed under the category of state contribution in the tables following this narrative. The City has served merely as conduit to pay this supplement. The amount budgeted totals

\$382,840 and is exactly equal to planned expenditures in the Police and Fire Department budgets.

The City's Emergency Management Department is funded in part by a contribution from the U.S. government under the Federal Emergency Management Act (FEMA). The contracted amount for the upcoming year is projected to be \$85,020. Knox County partially funds the balance of the department's budget. The Knox County share is estimated at \$53,000.

## OTHER REVENUE

There are four other categories of operating revenue to the General Fund, these being licenses and permits, charges for services, fines and forfeits, and miscellaneous revenue. The combined total from these sources is \$4,184,170, or 2.57% of the total General Fund. A breakdown of these revenues for FY 06/07 and FY 07/08 is shown in Table 2.

Overall, the category of licenses and permits is up by \$9,580 when compared to the budget for FY 06/07. Roughly the same number of accounts

within this category is expected to be up as down when compared to the FY 06/07 budget. The largest expected decrease is in tank abandonment permits, which are forecast to total \$100, a decrease of \$1,960. This is partially offset by expected higher amounts from various

other charges. For example, liquor by the ounce fees and tank installation fees are expected to increase by \$6,610 and \$2,800 respectively.

The amount expected to come from charges for services is projected at \$1,072,330, which is \$111,480 more than the budgeted amount for FY 06/07. This increase is primarily due to increases in attorney costs, codes enforcement fees, and recreation program fees, which were formerly reported in another fund. These are offset, in part,

**TABLE 2**

	FY 06/07 Budget	FY 06/07 Est. Actual	FY 07/08 Projected Revenues
Licenses & Permits	\$297,870	\$307,450	\$307,450
Charges	\$960,850	\$1,054,470	\$1,072,330
Fines & Forfeits	\$316,800	\$1,053,470	\$1,053,470
Misc. Revenue	<u>\$827,390</u>	<u>\$1,821,750</u>	<u>\$1,750,920</u>
<b>TOTAL</b>	<b><u>\$2,402,910</u></b>	<b><u>\$4,237,140</u></b>	<b><u>\$4,184,170</u></b>

by lower expected revenue from team registration fees, accident reports, and indoor pool fees.

The category of fines and forfeits represent a portion of fines that are rebated from the county court. The recent decline in revenue coming from Knox County seems to have reversed itself and we expect revenues from this source to increase significantly in the next year. Revenues from this source are expected to be \$680 from General Sessions fines, \$124,540 from General Sessions costs, and \$216,710 from Criminal Court fines. Also new to this category are revenues from red light violations. Overall this category of revenue is expected to yield \$1,053,470, which is \$736,670 more than budgeted in FY 06/07.

The category entitled miscellaneous revenue is projected at \$1,750,920, which is \$923,530 or more than double the amount budgeted in FY 06/07. The growth in this category comes mainly from increased interest earnings. Interest yields have been rising and the restoration of balances available to be invested lead to anticipated growth in this source. Interest earnings are expected to generate \$1,199,860 in FY 07/08, this being \$759,860 more than the budget for FY 06/07.

Parking meter revenue has also reversed a downward trend. We are forecasting this revenue source to yield \$351,190 in FY 07/08, which is unchanged from expected revenue in FY 06/07, but is up by \$66,900 or 23.5% when compared to the FY 06/07 budget.

#### **Transfers In**

The revenue budgeted under transfers is the amount of revenue in excess of expenditures that is generated by the Municipal Court. Fines and costs collected by the Municipal Court have increased greatly during the past year. We expect this growth to continue in the upcoming fiscal year. Excess City Court fees are now forecast at \$4,005,210 or \$754,960 above the amount budgeted in FY 06/07.

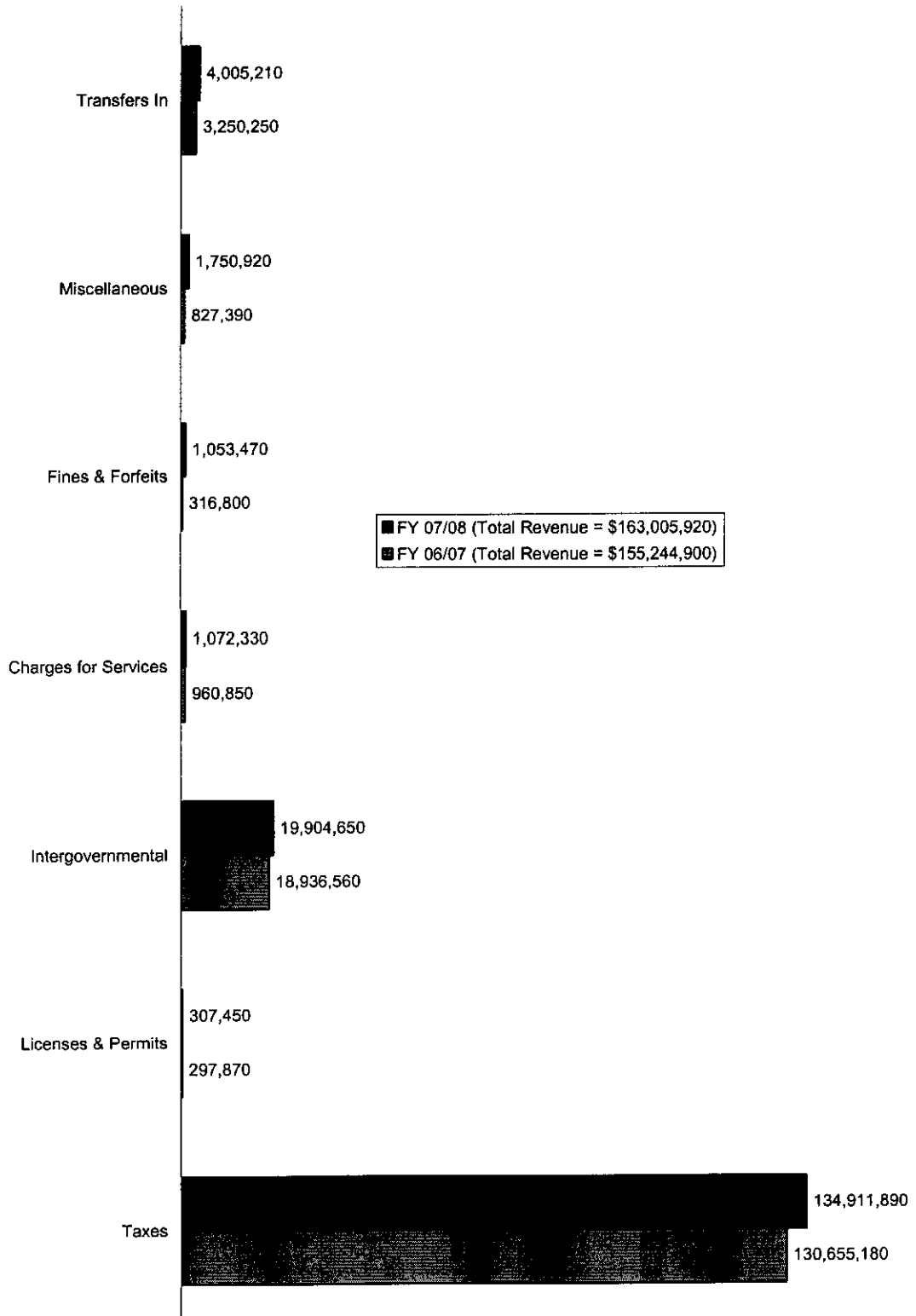
#### **APPROPRIATED FUND BALANCE**

The FY 07/08 General Fund budget does not appropriate any Fund Balance. This is the fourth consecutive year in which the budget does not include the use of any fund balance.



## City of Knoxville

### General Fund Revenue Comparison FY 2006/07 – 2007/08



Account Code	Revenue Source	Actual FY 04/05 Revenue	Actual FY 05/06 Revenue	Budgeted FY 06/07 Revenue	Estimated FY 06/07 Revenue	Proposed FY 07/08 Revenue
5111	Property Tax Real - Current	53,760,925	55,628,694	56,419,390	55,367,790	57,569,310
5112	Property Tax Real - Prior	2,133,493	2,359,625	1,900,000	1,845,420	1,845,420
5113	Personal Property Tax - Current	5,986,246	5,789,551	6,019,840	6,134,850	6,316,670
5114	Personal Property Tax - Prior	309,072	291,978	150,000	77,280	77,280
5115	Public Utilities - Current	3,346,017	3,005,596	3,103,130	3,270,570	2,731,770
5116	Public Utilities - Prior	103,507	181,388	6,000	15,450	15,450
5117	Discount	(295,594)	(305,732)	(346,500)	(305,910)	(351,170)
5131	K U B	11,350,977	11,722,421	11,976,400	11,867,500	11,416,690
5132	K C D C	34,618	24,924	24,930	29,050	29,050
5134	Downtown	7,087	62,167	7,000	87,250	87,250
5135	News-Sentinel	76,786	88,752	76,780	98,260	98,260
5136	Other PILOTS	14,244	683	20,000	172,930	172,930
5141	Local Shared Sales Tax	31,784,513	34,514,151	35,028,000	36,284,960	37,373,500
5151	Beer Tax	5,871,154	6,035,192	5,934,500	6,290,890	6,416,710
5152	Mixed Drink Tax	990,937	1,151,756	1,237,400	1,124,970	1,124,970
5153	Alcoholic Beverage Tax	1,953,486	2,115,173	2,107,500	2,275,460	2,275,460
5161	Business Tax	35,975	21,641	5,000	36,710	36,710
5165	Tax Sale Publication Fees	35,650	70,886	54,800	47,000	47,000
5166	Business Tax 2003	4,360,123	4,504,835	4,247,400	4,587,040	4,655,850
5171	Interest & Penalties-Current	161,048	134,632	125,000	137,890	137,890
5172	Interest & Penalties-Prior	1,109,966	1,138,387	1,110,110	1,223,030	1,223,030
5173	Interest & Penalties-Busines	7,338	1,693	1,200	3,720	3,720
5174	Interest & Penalties-License	281	715	1,000	230	230
5175	Interest & Penalties CBID	3,109	4,311	1,500	6,270	6,270
5176	Interest-New Btx	6,646	9,116	7,100	9,260	9,260
5177	Penalty-New Btx	60,385	61,198	64,000	51,160	51,160
5193	Cable TV Franchise Tax	1,216,437	1,441,454	1,373,700	1,511,000	1,541,220
Subtotal - Taxes		124,424,892	130,055,188	130,655,180	132,250,030	134,911,890
5201	Blasting Permits	5,730	7,400	5,880	6,380	6,380
5202	Fire Reports	2,800	1,770	1,630	1,640	1,640
5203	Fireworks Permit	3,040	1,960	1,680	2,320	2,320
5204	Tank Abandonment	1,760	2,240	2,060	100	100
5205	Tank Installation Fees	13,710	13,830	10,560	13,360	13,360
5211	Merchant & General Privilege	100	575	200	190	190
5212	Liquor By Ounce	150,220	157,680	165,530	172,140	172,140
5215	Alcoholic Beverage License	3,000	5,000	4,200	4,800	4,800
5251	Beer Application Fees	27,250	25,800	28,330	28,010	28,010
5252	Beer Privilege Tax	58,601	58,787	59,820	58,950	58,950
5253	Beer Permit Publications	1,785	2,565	2,670	3,070	3,070
5254	Beer Permit Records Check	5,151	7,113	7,320	6,820	6,820
5255	Duplicate Beer Permits	402	402	0	670	670
5291	Solicitation	5,075	5,300	4,630	5,290	5,290
5293	Street Vendor	5,500	3,675	3,360	3,710	3,710
Subtotal - Licenses & Permits		284,124	294,097	297,870	307,450	307,450
5313	Emer. Mgmt. - Federal Share	94,874	11,402	85,020	132,130	85,020
5319	Federal Grants	638,384	700,424	640,000	667,250	667,250
5321	Sales Tax	10,566,880	11,702,333	12,310,140	12,449,580	12,760,820
5322	Income Tax	2,527,831	3,215,882	2,885,700	3,215,900	3,215,900
5323	Beer Tax	85,260	86,470	86,300	86,400	86,400
5324	Alcoholic Beverage Tax	70,486	77,468	70,500	70,500	70,500
5326	Streets & Transportation Gas	391,077	386,698	397,080	393,420	393,420
5327	Excise Tax	396,750	663,844	695,200	581,500	581,500
5328	TVA - Gross Receipts	1,268,995	1,301,625	1,301,700	1,480,610	1,480,610
5329	State Contribution	161,773	104,300	382,840	382,840	382,840
5332	Telecommunications Sales Tax	29,432	30,057	29,080	26,590	27,390

## General Fund Revenue

Fiscal Year 2007/2008

Account Code	Revenue Source	Actual FY 04/05 Revenue	Actual FY 05/06 Revenue	Budgeted FY 06/07 Revenue	Estimated FY 06/07 Revenue	Proposed FY 07/08 Revenue
5333	TDZ Sales Tax	0	64,765	0	0	0
5341	Emer. Mgmt. - County Share	53,000	53,000	53,000	53,000	53,000
5342	County Grants/Contributions	0	0	0	50,000	100,000
Subtotal - Intergovernmental Revenue		<u>16,284,742</u>	<u>18,398,268</u>	<u>18,936,560</u>	<u>19,589,720</u>	<u>19,904,650</u>
5407	Gateway Village Rental	425	95	170	0	0
5408	Krutch Park Rental	0	400	690	0	0
5409	Volunteer Landing Rental	0	100	180	0	0
5410	Market Square Rental	0	300	520	0	0
5412	Atty. Cost - Taxes	311,043	321,643	262,490	338,640	338,640
5413	Recording & Collection	44,639	43,725	43,980	43,480	43,480
5423	Accident Reports	197,210	200,538	187,790	164,300	164,300
5425	Officer Costs	29,055	25,106	18,950	21,500	21,500
5434	Codes Enforcement	76,776	116,438	100,510	153,740	153,740
5435	State Reimb./Streets, Signs	119,066	127,453	100,000	95,000	95,000
5441	Recreation Program Fees	0	18,237	0	10,940	18,940
5442	Inskip Pool Gate and Concessions	0	33,118	30,850	33,000	33,000
5443	Ed Cothren Pool Gate and Concessions	58,104	12,641	16,850	13,000	13,000
5444	Indoor Pool Fees and Rentals	0	29,385	37,410	29,300	29,300
5445	Team Registration Fees	36,380	42,190	36,400	26,060	26,060
5447	Vending Concessions	19,026	18,816	7,410	16,670	16,670
5449	Summer Program Registration Fee	8,080	14,630	8,080	8,000	8,000
5450	Tennis Revenue	0	5,149	7,220	5,000	5,000
5451	Building and Shelter Revenues	0	25,330	33,580	25,000	25,000
5452	Parks and Field Rental Fees	23,295	10,681	12,220	10,600	20,460
5453	Lease of SKCC	0	32,969	21,660	32,000	32,000
5459	Parks and Recreation - Miscellaneous Fees	0	563	1,130	1,020	1,020
5461	Caswell Park League Concessions	13,553	22,424	14,750	17,220	17,220
5464	Caswell Park Gate Fee	0	21,887	18,010	10,000	10,000
Subtotal - Charges for Services		<u>963,489</u>	<u>1,123,814</u>	<u>960,850</u>	<u>1,054,470</u>	<u>1,072,330</u>
5511	General Sessions Fines	3,862	0	3,800	680	680
5512	County Court Costs	106,435	129,596	112,230	124,540	124,540
5528	KPD - Automated Information	98,383	107,749	102,140	121,540	121,540
5529	KPD-Moving Violations	586	748	0	0	0
5531	Criminal Court Fines	144,845	175,853	98,630	216,710	216,710
5580	Red Light Camera Fines	0	968	0	450,000	450,000
5581	Red Light Camera Fines - Municipal Court	0	0	0	140,000	140,000
Subtotal - Fines & Forfeits		<u>354,110</u>	<u>414,914</u>	<u>316,800</u>	<u>1,053,470</u>	<u>1,053,470</u>
5603	Residential Parking Permits	4,220	0	3,700	4,870	4,870
5611	Interest On Investments	337,383	767,015	440,000	1,199,860	1,199,860
5620	Lease & Rental Income	28,970	24,174	24,400	24,000	24,000
5627	Parking Meters	330,618	313,033	284,290	351,190	351,190
5642	Equipment	24,214	258,311	15,000	90,830	20,000
5666	Agency Contribution	105	15	0	0	0
5699	Misc. Revenue	(17,853)	908,400	60,000	151,000	151,000
Subtotal - Misc. Revenue		<u>707,658</u>	<u>2,268,949</u>	<u>827,390</u>	<u>1,821,750</u>	<u>1,750,920</u>
Grand Total - Operating Revenue		<u>143,019,015</u>	<u>152,555,229</u>	<u>151,994,650</u>	<u>156,076,890</u>	<u>159,000,710</u>
5905	Transfer - Excess City Court Revenues	2,999,840	3,240,660	3,250,250	3,750,000	4,005,210
Subtotal - Transfers In		<u>3,138,558</u>	<u>3,240,660</u>	<u>3,250,250</u>	<u>3,750,000</u>	<u>4,005,210</u>
Grand Total - General Fund		<u>146,157,573</u>	<u>155,795,889</u>	<u>155,244,900</u>	<u>159,826,890</u>	<u>163,005,920</u>

## GENERAL FUND EXPENDITURES

### General Fund Overview

Proposed General Fund expenditures for FY 07/08, including the reservation for contingencies, are \$163,005,920. This is 5% more than the FY 06/07 General Fund budget of \$155,244,900. The pages that follow explain the specific departmental changes which make up the change in general fund expenditures for the FY 07/08 budget. The purpose of this section is to give you a general overview of all expenditure categories.

TABLE 1

	FY06/07	FY07/08	Change
Personal Services	\$75,013,130	\$79,156,870	\$4,143,740
Supplies	3,349,160	3,612,490	263,330
Other Charges	41,169,590	43,203,690	2,034,100
Transfers Out	<u>35,713,020</u>	<u>37,032,870</u>	<u>1,319,850</u>
<b>TOTAL</b>	<b><u>\$155,244,900</u></b>	<b><u>\$163,005,920</u></b>	<b><u>\$7,761,020</u></b>

### Personal Services

Personal Services, which include salaries and benefits, increased by \$4,143,740 or 5.52% when compared to the FY 06/07 budget. This increase is largely due to implementation of City's salary survey recommendations and the proposed three and one-quarter percent (3.25%) salary increase for all non-probationary employees. City wide, the total number of fulltime employees increased by 2 to 1,605, however General Fund employees increased by 3 to 1,388 due to reorganizational personnel transfers between the General Fund and the Special Revenue Fund. The specific way each departmental budget is affected by these changes is discussed in more detail below, and in the executive summary.

### Supplies

The category of "Supplies" is used to pay for such things as office supplies, operating supplies, and repair and maintenance items (chemicals, road salt, etc.) and operating equipment not provided for in the equipment replacement fund or capital budget. The budget for supplies category increases by \$263,330 or 7.86%. While the increased cost of supplies was a city-wide issue, the greatest increases were in the Public Safety areas.

### Other Charges

The category entitled "Other Charges" includes such expenditures as postage, professional services, equipment leases, internal service charges, and other miscellaneous expenditures. The proposed budget reflects increases of \$2,034,100 when compared to the previous fiscal year. \$1,500,000 of the increase is due to an change in estimate for depreciation of public safety (Fire) equipment.

### Transfers

Transfers reflect the movement of financial assets between City funds. Due to their significance in the operations of the General Fund, special emphasis is given here. The majority of the transfers are for subsidies to cover revenue shortfalls in the various Enterprise Funds. Total transfers increased by \$1,229,850 from the previous fiscal year to a total of \$37,023,870. The largest increase in transfers is an \$858,480 increase in the transfer to Mass Transit to maintain services that were previously supported by grants and the reduction in funding of \$180,000 from the Street Aid Fund. Retiree health care costs increased by \$129,740 due to greater number of eligible retirees and increased coverage costs. The transfer to the Inspections Fund has been eliminated due to continued increases in permit revenue generated by this operation.

## **Mayor's Office/Administration**

The proposed FY 07/08 Administration budget increases by \$63,170 (2.91%). Personal services costs increased by \$70,240 due to the addition of an intern position to the Office of Policy Development and the proposed salary increase. Increased supply costs of \$4,080 were offset by a decrease in other expenses of \$11,150.

## **Finance & Accountability**

### **Finance Division**

The FY 07/08 budget for the Finance and Accountability Department increases by \$118,100 or 3.73%. Overall, personal services expenditures increase by \$95,240 (4.05%) as the result of the addition of a Contract Manager position in the Purchasing area and the proposed salary increase. This increase was offset by the elimination of another position. Supply cost decreases of \$640 (2.09%) were offset by increased Other Charges (\$23,500). This is primarily attributable to an increase in the amount for Risk Management insurance charges.

### **Information Systems Division**

The FY 07/08 budget for the Information Systems Department increased by \$173,200 (5.11%). Personal services was responsible for the greatest portion of the increases (\$108,300 mostly due to the proposed salary increase). The overall increase was partially offset by a decrease in supplies of \$20,840 (17.7%). General increases in the Repairs and Maintenance items accounted for the balance - \$85,740. This increase was due to the maintenance contracts required to cover some new software purchased by the city.

### **Development Division**

The proposed budget for the Division of Development (Economic Administration) for FY 07/08 is \$978,710, an increase of \$242,620, when compared to the budget for FY 06/07. This was partly due to the costs associated with the addition of the Office of Neighborhoods which includes the newly created position of Neighborhood Coordinator. The other major change was an increase from \$100,000 to \$200,000 in the City's commitment to the Ten Year Homeless Plan. The County is set to commit half of this amount.

## **Operations**

### **South Knoxville Waterfront**

The City has created a new department to oversee the development of the City's South Knoxville Waterfront project. The proposed FY2008 budget is \$285,410. The two positions in this department transferred from the Engineering department.

## **Community & Neighborhood Services**

### **Engineering Division**

The Department of Engineering budget increases by \$460,8300 (8.65%) over the previous fiscal year. Personal services decrease \$10,470 due to the transfer of two positions to the newly created South Knoxville Waterfront department which offset increases from the proposed salary increase. Supply costs increase by \$122,840 primarily due to supplemental funding to cover federally mandated sign retro reflectivity. Other charges increase by \$348,460 largely due to higher GIS expenses.

### **Public Service Division**

The FY 07/08 proposed budget for the Public Service Division totals \$18,934,870, an increase of \$306,930 (1.65%) from FY06/07. Personal services costs increase by \$548,510 (5%) due primarily to the salary increase. Supply costs increase by \$52,620 (6.11%) due to an increase in Repair and Maintenance Supplies. Other costs decrease \$294,200 (4.33%) due to a decrease in various fleet charges.

### **Parks and Recreation Division**

The Parks and Recreation budget for FY 07/08 increases by \$549,430 (9.37%). Personal service increases \$283,490 (8.96%) mostly due to the salary increase and increased funding for additional compensation. This increase is to fund event workers for the Recreation department which includes umpires for example. Supply costs show a small increase of \$17,150 (6.12%). The 'Other Cost' category increases by \$248,790 (10.28%), which is due to additional funding requirements for utility costs and risk management charges.

### **Mass Transit Division (Grant Match)**

The Mass Transit Grant Match for FY 07/08 is the same as FY 06/07 - \$830,000. This funding is

sufficient to meet the City's current grant match requirements.

## **Law**

The FY 07/08 budget for the Law Department increases by \$90,100. Personal Services increase by \$56,450 due to the general proposed salary increase. Supply costs remain the same but other charges increase by \$33,650. This includes an increase of \$30,000 to cover higher outside counsel related charges.

## **Police**

### **Police Division**

The FY07/08 budget for the Police Department is \$43,104,530, an increase of \$2,279,380 or 5.58%, over FY 06/07. Personal Services increase by \$1,182,240 (4.01 %). This increase is due to salary survey increases for Police Officers in addition to the 3.25% across the board increase.

Other costs increased \$1,105,220 due to higher costs for utilities and higher fleet charges. The bulk of the fleet charge increases were due to increased fuel costs. Authorized strength for uniformed positions remains 414. Two Cadet positions were added to the civilian workforce.

### **Emergency Management Division**

The FY 07/08 budget for Emergency Management increases by \$11,960 from last year. The change in the budget is primarily due to salary and benefit increases of \$11,670.

## **Fire**

The FY 07/08 proposed budget for the Fire Department is \$29,447,340 representing an increase of \$1,414,420 or 5.05% over FY 06/07. Personal services increase \$630,550 due to the proposed salary increase.

Supplies increase by \$97,000, while other charges increase by \$686,870, largely due to higher Fleet charges.

The authorized strength for the uniformed personnel for FY 07/08 remains at 328. There are 10 non-uniformed personnel for a total department count of three hundred thirty-eight (338).

## **Operations**

### **Board Administered Departments**

#### **Civil Service Department**

The Civil Service budget for FY 07/08 decreases by \$2,300 to a total of \$943,500. Personal services costs shrink by \$630 due to various personnel position changes which resulted in a decrease in total positions. Supply costs decrease by \$7,140. There is a slight increase of \$5,470 in the other costs category, due to an increase in funding for court reporting services.

### **Non-departmental**

#### **City Elections Division**

Pursuant to state law, all elections are managed by the Knox County Commission. The Commission charges the City for its proportionate share of any primary or general elections. The FY07/08 budget increases to \$280,000 to provide necessary funding for the general city election scheduled for this fiscal year.

### **Other Funds**

#### **State Street Aid (Fund 201)**

The State Street Aid budget decreases by \$5,000. Transfers for FY07/08 for this fund remain at \$1,275,000 for capital. Street lighting expenditures increase by \$180,000. Because of the increase in street lighting costs, the transfer to KAT from this fund is eliminated.

#### **Abandoned Vehicles (Fund 209)**

The FY 07/08 budget for the Abandoned Vehicles Fund totals \$795,000, which is an increase of \$207,150 from FY 06/07. There is a transfer to capital projects for \$50,000 to cover an improved security system.

#### **City Court (Fund 213)**

The total budget for City Court is \$4,857,490. Actual budgeted expenditures are \$852,280. Projected excess fees collected, which are transferred to the General Fund, are \$4,005,210, which is a 23.23% increase from FY 06/07.

### **City Inspections (Fund 216)**

Due to higher revenues, General Fund support for Inspections is no longer required. The total Inspections budget decreases by \$5,330 largely due to lower risk management charges.

### **Stormwater (Fund 220)**

The proposed budget for FY 07/08 increases by \$125,690 or 7.43% compared to the previous fiscal year largely due to claims related higher risk management charges. Also, \$12,500 was added to cover newly mandated annual creek monitoring.

### **Solid Waste (Fund 230)**

The Public Service Division of the Community and Neighborhood Services Department manages the Solid Waste Management Fund. The FY 07/08 budget for Solid Waste is \$9,960,090 a decrease of \$40,250 from the prior year, primarily due to decreases in contracted services. The General Fund transfer to Solid Waste is budgeted at \$9,111,720, a decrease of \$115,570 from last year.

### **Housing Grants (Fund 260)**

Beginning with FY 98/99, various housing grants administered by the Community Development division of the Community and Neighborhood are budgeted. The total for FY 07/08 grants is \$1,815,150. Funding is for the Home Grant (\$1,731,930) and an Emergency Shelter grant of \$83,220. The Home Grant is increased this year by \$58,720.

### **Empowerment Zone (Fund 270)**

The Empowerment Zone budget for FY2007/08 is \$250,800. Several Community Development employees have been transferred from Fund 290 to the Empowerment Zone.

### **Community Development (Fund 290)**

The Community Development Fund is managed by the Development Division of the Community and Neighborhood Services Department. The overall budget for Community Development is \$2,126,370, a decrease of \$19,050. The Community Development Block Grant for FY 07/08 is \$1,926,070. This represents a decrease of \$3,680 from last year.

### **Public Assembly Facilities (Fund 503)**

The Public Assembly Facilities Fund includes operations at the Civic Coliseum/Auditorium and Chilhowee Park. The proposed FY07/08 budget increases by \$105,960 from FY 06/07. Personal services increases by \$92,330 due to additional costs for the proposed salary increase. Supply costs increase \$9,080 to \$207,040. Other charges increase by \$4,550.

### **Metro Parking (Fund 504)**

The Metro Parking Fund covers the following City parking facilities: Jackson Avenue, Main Avenue Garage, Market Square Garage, Pomeade Garage and the State Street Garage. These facilities are now managed by PBA for the city. The FY 07/08 budget increases by \$519,350 or 50.63% compared to last fiscal year largely due to higher depreciation charges. There are no personnel service or supply costs in this fund.

### **Knoxville Convention Center (Fund 506)**

This fund includes the Locust Street Garage and the City's Convention Center, as well as debt service and depreciation associated with these facilities. The total budget for this fund is \$21,311,430 which represents a \$63,200 decrease from FY06/07. This decrease is mainly attributable to a decrease in anticipated interest costs and continued good performance results by SMG.

### **Mass Transportation (Fund 507)**

The FY 06/07 budget for Mass Transit operations is \$16,310,950. The budget includes all three divisions of KAT: Motor Buses, Trolleys, and Lift (paratransit). Operating expenses increase by \$1,118,040. This is mainly due to salary increases, as well as utility and fuel costs.

### **Fleet Services (Fund 702)**

The Fleet Services Operating Fund increases by \$335,570. The total budget for FY 07/08 is \$11,054,940. A reorganization in the Fleet department resulted in a net decrease in positions. The Fleet Service Equipment Replacement Fund is budgeted at \$4,400,000.

### **Risk Management (Fund 704)**

The Risk Management Fund is a division of the Finance and Accountability Department. The budget for FY 07/08 increases by \$110,760 (or

1.34%) to \$8,359,180 from the previous fiscal year. This is attributable mainly to the proposed salary increase and increases in miscellaneous professional services.

\$7,140 or 4.93% mostly due to the proposed salary increase. The supplies category increases slightly to \$9,720. Other expense costs increases by \$1,867,720 to \$13,866,010 caused mostly by a \$1,827,840 increase in self-insurance charges.

#### **Health Care (Fund 705)**

The FY 07/08 budget for Health Care increases by \$1,867,720 or 15.44% from FY 06/07 to \$14,027,760. Personal services costs increase



## GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2007/08

Department	Actual FY 04/05	Actual FY 05/06	Adopted Budget FY 06/07	Proposed Budget FY 07/08	\$ Change 06/07 - 07/08	% Change 06/07 - 07/08
Administration	1,807,104	1,996,016	2,169,830	2,233,000	63,170	2.91%
Finance and Accountability						
Finance	2,902,938	2,882,891	3,167,780	3,285,880	118,100	3.73%
Information Systems	2,844,889	3,153,541	3,391,170	3,564,370	173,200	5.11%
Community Development	634,367	564,548	736,090	978,710	242,620	32.96%
Subtotal - Finance & Accountability	6,382,194	6,600,980	7,295,040	7,828,960	533,920	41.80%
Operations & Engineering						
South Knoxville Waterfront	0	0	0	285,410	285,410	
Subtotal - Operations & Engineering	0	0	0	285,410	285,410	0.00%
Community and Neighborhood Services						
Public Services	15,804,039	16,688,727	18,627,940	18,934,870	306,930	1.65%
Engineering	4,660,658	5,058,148	5,325,990	5,786,820	460,830	8.65%
Recreation	5,703,445	6,000,818	5,862,910	6,412,340	549,430	9.37%
Knoxville Area Transit (KAT)	795,851	882,950	830,000	830,000	0	0.00%
Subtotal - Community & Neighborhood Serv.	26,963,993	28,630,643	30,646,840	31,964,030	1,317,190	19.67%
Law	1,440,915	1,550,812	1,582,860	1,672,960	90,100	5.69%
Police						
Police	36,866,258	37,066,176	40,825,150	43,104,530	2,279,380	5.58%
Emergency Management	250,147	260,508	284,650	296,610	11,960	4.20%
Subtotal - Police	37,116,405	37,326,684	41,109,800	43,401,140	2,291,340	9.78%
Fire	25,698,341	27,979,769	28,032,920	29,447,340	1,414,420	5.05%
Board Administered/Other Departments						
Legislative	744,168	845,590	861,660	881,320	19,660	2.28%
Civil Service	921,951	908,805	945,800	943,500	(2,300)	(0.24%)
Subtotal - Other Departments	1,666,119	1,754,395	1,807,460	1,824,820	17,360	2.04%
Nondepartmental						
City Elections	0	271,265	40,000	280,000	240,000	600.00%
Knoxville Partnership	652,119	726,401	540,000	540,000	0	0.00%
Metropolitan Planning Commission (MPC)	692,650	737,550	713,430	713,430	0	0.00%
Knoxville Zoological Park	864,210	864,210	863,420	909,920	46,500	5.39%
Agency Grants	1,328,533	1,237,700	1,870,400	1,533,400	(337,000)	(18.02%)
Waterfront	348,111	322,516	372,920	469,390	96,470	25.87%
Community Action Committee (CAC)	448,820	444,980	444,550	469,250	24,700	5.56%
Reserve	0	0	1,952,410	2,400,000	447,590	22.93%
Miscellaneous Expenses	0	0	0	355,720	355,720	
Transfers	35,898,190	35,751,721	35,803,020	36,677,150	874,130	2.44%
Subtotal - Nondepartmental	40,232,833	40,356,343	42,600,150	44,348,260	1,748,110	644.16%
GRAND TOTAL	141,307,704	146,195,642	155,244,900	163,005,920	7,761,020	731.10%

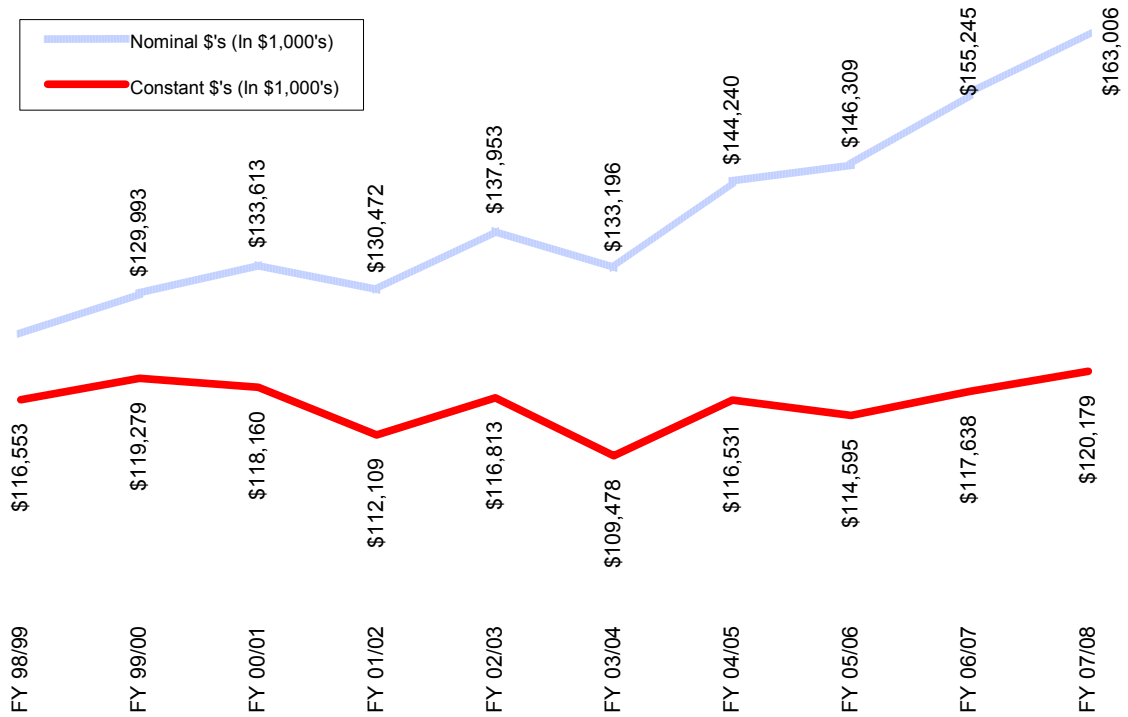
## GENERAL FUND BUDGET BY DEPARTMENT

Fiscal Years 2003/04 - 2007/08

Department	Adopted Budget FY 03/04	Adopted Budget FY 04/05	Adopted Budget FY 05/06	Adopted Budget FY 06/07	Proposed Budget FY 07/08
Administration	1,816,320	1,693,720	2,061,890	2,169,830	2,233,000
Finance and Accountability					
Finance	3,067,050	2,941,180	3,180,010	3,167,780	3,285,880
Information Systems	2,814,130	2,922,560	3,201,410	3,391,170	3,564,370
Community Development	845,030	637,680	566,190	736,090	978,710
Subtotal - Finance & Accountability	6,726,210	6,501,420	6,947,610	7,295,040	7,828,960
Operations & Engineering					
Fleet Services	0	0	0	0	0
South Knoxville Waterfront	0	0	0	0	285,410
Subtotal - Operations & Engineering	0	0	0	0	285,410
Community and Neighborhood Services					
Public Services	15,486,290	14,333,840	16,956,660	18,627,940	18,934,870
Engineering	4,527,310	6,220,840	5,170,500	5,325,990	5,786,820
Recreation	5,900,440	5,952,980	5,692,990	5,862,910	6,412,340
Knoxville Area Transit (KAT)	750,260	857,240	882,950	830,000	830,000
Subtotal - Community & Neighborhood Serv.	26,664,300	27,364,900	28,703,100	30,646,840	31,964,030
Law	1,383,030	1,437,170	1,503,090	1,582,860	1,672,960
Police					
Police	36,622,330	37,598,500	38,974,730	40,825,150	43,104,530
Emergency Management	313,120	267,500	277,480	284,650	296,610
Subtotal - Police	36,935,450	37,866,000	39,252,210	41,109,800	43,401,140
Fire	24,598,140	25,698,020	27,517,840	28,032,920	29,447,340
Board Administered/Other Departments					
Legislative	774,290	811,400	821,830	861,660	881,320
Civil Service	915,650	887,870	946,310	945,800	943,500
Subtotal - Other Departments	1,689,940	1,699,270	1,768,140	1,807,460	1,824,820
Nondepartmental					
City Elections	200,000	35,000	265,000	40,000	280,000
Knoxville Partnership	0	689,820	696,580	540,000	540,000
Metropolitan Planning Commission (MPC)	692,650	692,650	737,550	713,430	713,430
Knoxville Zoological Park	855,000	864,210	864,210	863,420	909,920
Agency Grants	1,512,950	1,489,170	1,197,700	1,870,400	1,533,400
Waterfront	448,960	275,730	359,380	372,920	469,390
Community Action Committee (CAC)	437,950	444,980	444,980	444,550	469,250
Reserve	1,350,000	1,450,000	1,965,000	1,952,410	2,400,000
Miscellaneous Expenses	27,080	0	0	0	355,720
Transfers	27,858,200	36,037,480	32,024,320	35,803,020	36,677,150
Subtotal - Nondepartmental	33,382,790	41,979,040	38,554,720	42,600,150	44,348,260
GRAND TOTAL	133,196,180	144,239,540	146,308,600	155,244,900	163,005,920

**City of Knoxville**  
**Equalized General Fund Budget**

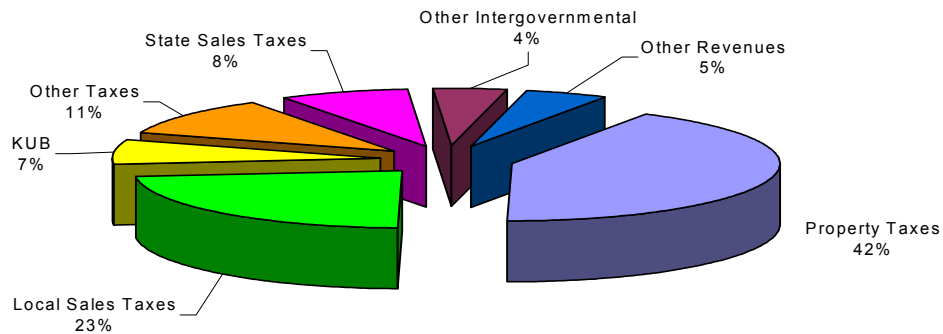
**Fiscal Years 1998/99 – 2007/08**



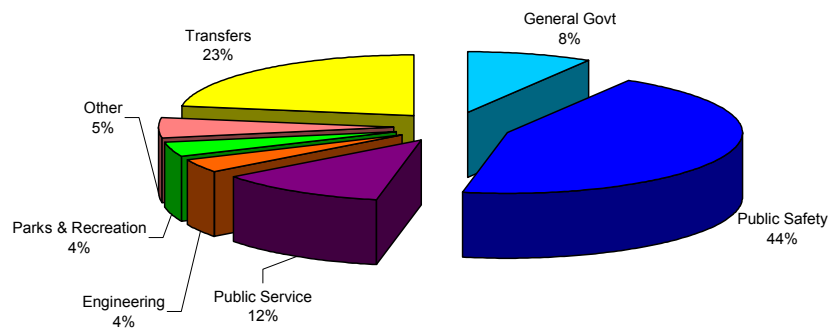
The chart above shows the actual adopted General Fund budget compared to the budget adjusted for the impacts of inflation. As can be seen the adjusted budget has fluctuated over the years. The proposed FY 07/08 budget, as adjusted, is up by \$3.63 million compared to 10 years ago, and up by \$2.54 million compared to a year ago.

## General Fund Revenue and Expenditures FY 2007-08

### Where the money comes from

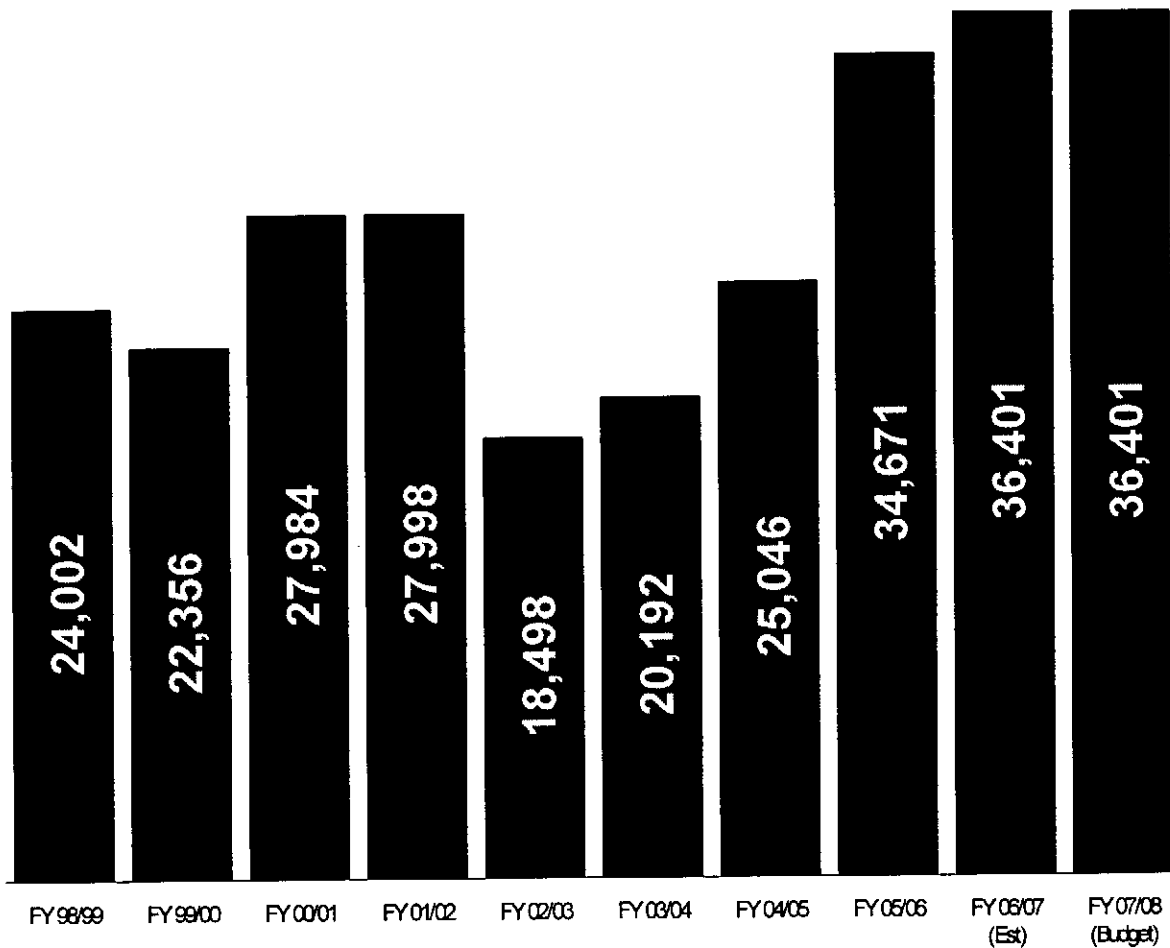


### Where the money goes



General Fund Fund Balance

Fiscal Years 1998/99 – 2007/08



All numbers in \$1,000's.

The chart above shows the General Fund fund balance from FY 98/99 to FY 07/08. The FY 06/07 total is an estimate. As can be seen in the chart the fund balance declined by a large amount in FY 02/03, increased in FY 03/04, FY 04/05 and is expected to increase again in FY 06/07. There is no proposed use of fund balance in FY 07/08.

## Authorized Positions by Department

## Full and Part-Time General Fund

Department	FY 05-06		FY 06-07		FY 07-08		Total Change 06/07 - 07/08
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	
Administration	24	1	24	1	24	2	1
Finance and Accountability							
Finance	43	1	43	1	43	1	0
Information Systems	29	0	30	0	30	0	0
Development Services	3	0	4	0	0	0	(4)
Community Development	0	0	0	0	6	0	6
Subtotal - Finance & Accountability	75	1	77	1	79	1	2
Operations & Engineering							
South Knoxville Waterfront	0	0	0	0	2	0	2
Subtotal - Operations & Engineering	0	0	0	0	2	0	2
Community and Neighborhood Services							
Public Services	280	0	286	0	286	0	0
Engineering	62	2	62	2	61	1	(2)
Recreation	52	15	50	15	50	15	0
Subtotal - Community & Neighborhood Serv.	394	17	398	17	397	16	(2)
Law	13	0	13	0	13	0	0
Police							
Police	515	31	514	28	516	2	(24)
Emergency Management	3	0	3	0	3	0	0
Subtotal - Police	518	31	517	28	519	2	(24)
Fire	339	0	338	0	338	0	0
Board Administered/Other Departments							
Legislative	3	9	3	9	3	9	0
Civil Service	13	2	14	1	13	0	(2)
Subtotal - Other Departments	16	11	17	10	16	9	(2)
Nondepartmental							
City Elections	0	0	0	0	0	0	0
Knoxville Partnership	1	0	1	0	0	0	(1)
Subtotal - Nondepartmental	1	0	1	0	0	0	(1)
Total - Full Time	1,380	61	1,385	57	1,388	30	(24)

## Permanent Full Time Personnel

General Fund FY 03/04 - 07/08

Department	FY 03-04 Full Time	FY 04-05 Full Time	FY 05-06 Full Time	FY 06-07 Full Time	FY 07-08 Full Time	Change 03/04 - 07/08	Change 06-07 -07/08
Administration	21	19	24	24	24	3	0
Finance and Accountability							
Finance	44	42	43	43	43	(1)	0
Information Systems	28	29	29	30	30	2	0
Development Services	6	3	3	4	0	(6)	(4)
Community Development	1	1	0	0	6	5	6
Subtotal - Finance & Accountability	79	75	75	77	79	0	2
Operations & Engineering							
South Knoxville Waterfront	0	0	0	0	2	2	
Subtotal - Operations & Engineering	0	0	0	0	2	2	0
Community and Neighborhood Services							
Public Services	286	253	280	286	286	0	0
Engineering	62	87	62	62	61	(1)	(1)
Recreation	52	55	52	50	50	(2)	0
Knoxville Area Transit (KAT)	0	0	0	0	0	0	0
Subtotal - Community & Neighborhood Serv.	400	395	394	398	397	(3)	(1)
Law	13	13	13	13	13	0	0
Police							
Police	525	518	515	514	516	(9)	2
Emergency Management	4	3	3	3	3	(1)	0
Subtotal - Police	529	521	518	517	519	(10)	2
Fire	339	339	339	338	338	(1)	0
Board Administered/Other Departments							
Legislative	3	3	3	3	3	0	0
Civil Service	14	14	13	14	13	(1)	(1)
Subtotal - Other Departments	17	17	16	17	16	(1)	(1)
Nondepartmental							
Knoxville Partnership	0	1	1	0	0	0	0
Subtotal - Nondepartmental	0	1	1	0	0	0	0
Total - Full Time	1,398	1,380	1,380	1,384	1,388	(10)	2

## City of Knoxville

## GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2007/08

Description	Actual FY 04/05	Actual FY 05/06	Adopted FY 06/07	Adopted FY 07/08	Dollar Change	Percentage Change
<i>Operating Grants</i>						
Affordable Housing Demonstration Proj.	322,530	322,600	323,000	323,000	0	0.00%
Arts and Cultural Alliance	110,131	44,500	25,000	10,000	(15,000)	(60.00%)
Beck Cultural Center	27,650	27,700	28,000	30,000	2,000	7.14%
Bijou Theatre	0	0	0	20,000	20,000	
Blount Mansion Association	7,380	7,400	7,500	7,500	0	0.00%
Center School	3,460	3,000	0	0	0	
Cerebral Palsy Center	6,460	6,500	6,500	6,500	0	0.00%
Cerebral Palsy Housing Corp.	4,610	4,700	0	0	0	
Central Business Improvement District	0	40,000	50,000	60,000	10,000	20.00%
Child and Family Services	19,360	42,400	42,000	42,000	0	0.00%
Disability Resource Center	9,220	0	0	0	0	
Discovery Center	29,490	0	20,000	20,000	0	0.00%
East Tennessee Historical Society	7,380	7,400	7,500	7,500	0	0.00%
Epilepsy Foundation	1,850	1,500	0	0	0	
Family Crisis Center	6,360	0	0	0	0	
Florence Crittenton Home	4,380	4,400	4,500	4,500	0	0.00%
Greater Smokey Mountain Boy Scouts	8,950	0	0	0	0	
Helen Ross McNabb Center	5,530	5,600	5,500	5,500	0	0.00%
Interfaith Health Clinic	10,600	20,000	20,000	20,000	0	0.00%
James White Fort	4,150	7,000	5,000	7,000	2,000	40.00%
Katie Miller Group Home	7,380	0	0	0	0	
Keep Knoxville Beautiful	3,690	5,000	5,000	5,000	0	0.00%
Knox Assn. Retarded Citizens	7,380	0	0	0	0	
Knox Heritage	0	0	20,000	20,000	0	0.00%
Knoxville Area Urban League	46,080	46,100	46,000	46,000	0	0.00%
Knoxville Commuter Pool	23,040	0	0	0	0	
Knoxville Museum of Art	124,410	125,000	125,000	125,000	0	0.00%
Knoxville Opera Company	4,150	5,000	10,000	10,000	0	0.00%
Knoxville Rescue Squad	41,470	41,500	41,500	41,500	0	0.00%
Knoxville Safe Haven	14,750	12,500	12,500	12,500	0	0.00%
Knoxville Symphony	39,160	45,000	45,000	45,000	0	0.00%
Kuumba Festival	0	0	0	20,000	20,000	
McClung Museum	0	0	3,000	3,000	0	0.00%
Metropolitan Drug Commission	46,080	46,100	46,000	46,000	0	0.00%
Millertown Pike Group Home	7,830	0	0	0	0	
MPC/Smart Trips	0	2,500	0	0	0	
Nativity Pageant	0	1,500	0	0	0	
Old Gray Cemetery	6,910	0	0	0	0	
Protective Services	1,380	0	0	0	0	
Senior Citizens Home Assistance	23,040	23,100	23,000	23,000	0	0.00%
Sertoma Center	22,580	22,600	22,500	22,500	0	0.00%
Teen Center	1,620	0	0	0	0	
Tennessee Children's Dance Ensemble	1,380	1,400	1,400	1,400	0	0.00%
Tennessee Theatre Foundation	46,080	46,100	46,000	46,000	0	0.00%
UT Speech and Hearing Center	4,610	4,500	4,000	0	(4,000)	(100.00%)
WDBX	0	0	5,000	5,000	0	0.00%
YWCA	5,070	5,100	5,000	5,000	0	0.00%
Subtotal - Operating Grants	<u>1,067,581</u>	<u>977,700</u>	<u>1,140,400</u>	<u>1,040,400</u>	<u>(100,000)</u>	<u>(8.77%)</u>
<i>Capital Grants</i>						
Arts & Cultural Alliance Capital				15,000	15,000	
Bijou Theatre Capital	0	55,000	75,000	0	(75,000)	(100.00%)
Boys/Girls Club Capital	0	0	0	200,000	200,000	
Helen Ross McNabb Capital	63,000	0	60,000	60,000	0	0.00%
Knoxville Botanical Gardens and Arboretum	0	0	30,000	0	(30,000)	(100.00%)
Love Kitchen Capital	0	0	0	18,000	18,000	
Mabry Hazen House Capital	0	5,000	0	0	0	
Tennessee Theatre Capital	0	0	500,000	0	(500,000)	(100.00%)
YMCA Capital	200,000	200,000	200,000	200,000	0	0.00%
Subtotal - Capital Grants	<u>263,000</u>	<u>260,000</u>	<u>865,000</u>	<u>493,000</u>	<u>(372,000)</u>	<u>(43.01%)</u>
Grand Total	<u>1,330,581</u>	<u>1,237,700</u>	<u>2,005,400</u>	<u>1,533,400</u>	<u>(472,000)</u>	<u>(23.54%)</u>



City of Knoxville  
**GENERAL FUND TRANSFERS**  
Fiscal Year 2007/08

Description	Budget FY 06/07	Budget FY 07/08	Change 06/07 - 07/08	Comment
General Purpose School Transfer	0	355,720	355,720	Pension contribution for past service liability (Schools)
Community Improvement (202) Transfer	90,000	90,000	0	Transfer for community improvements (see Fund 202)
City Inspections Transfer	21,670	0	(21,670)	Subsidy for City Inspections (see Fund 216)
Stormwater Transfer	1,826,110	1,968,640	142,530	Funding for Stormwater operations (see Fund 220)
Solid Waste Transfer	9,227,290	9,111,720	(115,570)	Funding for Solid Waste operations (see Fund 230)
Special Revenue Fund Transfer	224,670	716,670	492,000	Transfer for Senior Aides and Urban Growth (see Funds 240 & 250)
Capital Projects Transfer	10,714,460	9,843,470	(870,990)	Capital Purchases (see Fund 401)
Chilhowee Park Transfer	824,350	760,160	(64,190)	Subsidy for Chilhowee Park operations (see Fund 503)
Auditorium/Coliseum Transfer	1,018,300	1,100,920	82,620	Subsidy for Coliseum (see Fund 503)
Convention Center Transfer	2,597,750	2,386,960	(210,790)	Support for Convention Center Operations (see Fund 506)
World's Fair Park Transfer	1,326,670	1,544,610	217,940	Subsidy for WFP operations (see Fund 506)
Mass Transit Transfer	5,879,190	6,737,670	858,480	KAT operating subsidy (see Fund 507)
Trolley Transfer	448,850	471,180	22,330	Trolley operating subsidy (see Fund 507)
Golf Course Transfer	0	95,000	95,000	Subsidy for Municipal Golf Course (see Fund 508)
Risk Management Transfer	679,540	827,300	147,760	Support administration of Risk Fund (see Fund 704)
Health Care Transfer	386,810	355,750	(31,060)	Support administration of Health Care Fund (see Fund 705)
Employer Subsidy - Retiree Health Care	537,360	667,100	129,740	Subsidy to offset a portion of retiree's health care costs
	<u>35,803,020</u>	<u>37,032,870</u>	<u>1,229,850</u>	

## City of Knoxville

# DEBT SERVICE

The City of Knoxville, like other cities, occasionally needs to borrow money in order to complete various capital projects. In the past the city has issued debt for such items as road paving and construction, fire station construction, waterfront development, storm sewer improvements, land acquisition and improvements at the World's Fair site, auditorium improvements, fleet purchases, the new Convention Center, and various other projects. As of June 30, 2007, the long-term debt of the City, excluding revenue supported debt of the Knoxville Utilities Board (KUB) and the Metropolitan Knoxville Airport Authority (MKAA), equals \$221,501,620. As KUB and MKAA are

category of debt, Enterprise Fund debt, debt attributable to the Main Avenue Garage and the Convention Center, is, consistent with proper accounting procedures, budgeted within each respective enterprise fund. There is, however, a large transfer of funds from this fund to the Convention Center Fund to help pay principal and interest on that facility's debt.

The Other Debt category consists of a debt obligation to Knox County. The City and County have jointly funded construction of an animal welfare center. The costs were funded from bonds issued by Knox County. The amount listed under other debt is the City's share of the debt repayment for the animal welfare center.

The primary revenue to this fund comes from a property tax levy of 75¢. This levy is unchanged when compared to the FY 06/07. For FY 07/08, property tax is projected to yield approximately \$24.1 million. Also included are interest earnings of \$1,150,000. The Knoxville Community Development Corporation (KCDC) received a portion of the City's Series 2000-A bonds, and is committed to repay the debt service on that portion. In FY 07/08 that amount is \$236,120.

### Debt Limitations

There are no limits on the amount of debt that can be issued by a municipality within the State of Tennessee (TCA 9-21-103). All notes and bonds must be approved by the state Director of Local Finance prior to issuance. We believe that the current debt of the City is within acceptable guidelines, as established by the State and the various rating agencies.

The following pages show a complete debt service schedule of principal and interest payments for FY 07/08, as well as a complete amortization schedule by year.

**TABLE 1**

Type of Debt	Principal Outstanding 6/30/07	Principal Paid In FY 07/08	Principal Outstanding 6/30/08
G.O. Bonds & Notes	\$72,730,000	\$8,470,000	\$63,900,000
Other Debt	1,221,620	65,590	1,156,030
Enterprise Fund Debt	<u>147,910,000</u>	<u>3,670,000</u>	<u>144,240,000</u>
Total	<u>\$221,501,620</u>	<u>\$12,205,590</u>	<u>\$209,296,030</u>

not a part of the City's operating budget the following analysis focuses only on the debt of the general government.

The debt of the City can be separated into three basic categories: general obligation bonds; other debt, i.e., debt that is not a general obligation of the City; and enterprise fund debt. A breakdown of general government debt by category is shown in Table 1.

The debt service on the general obligation bonds as well as the other category of debt is shown in Fund 305, the Debt Services Fund. The final

## DEBT SERVICE SCHEDULE

Fiscal Year 2007/08

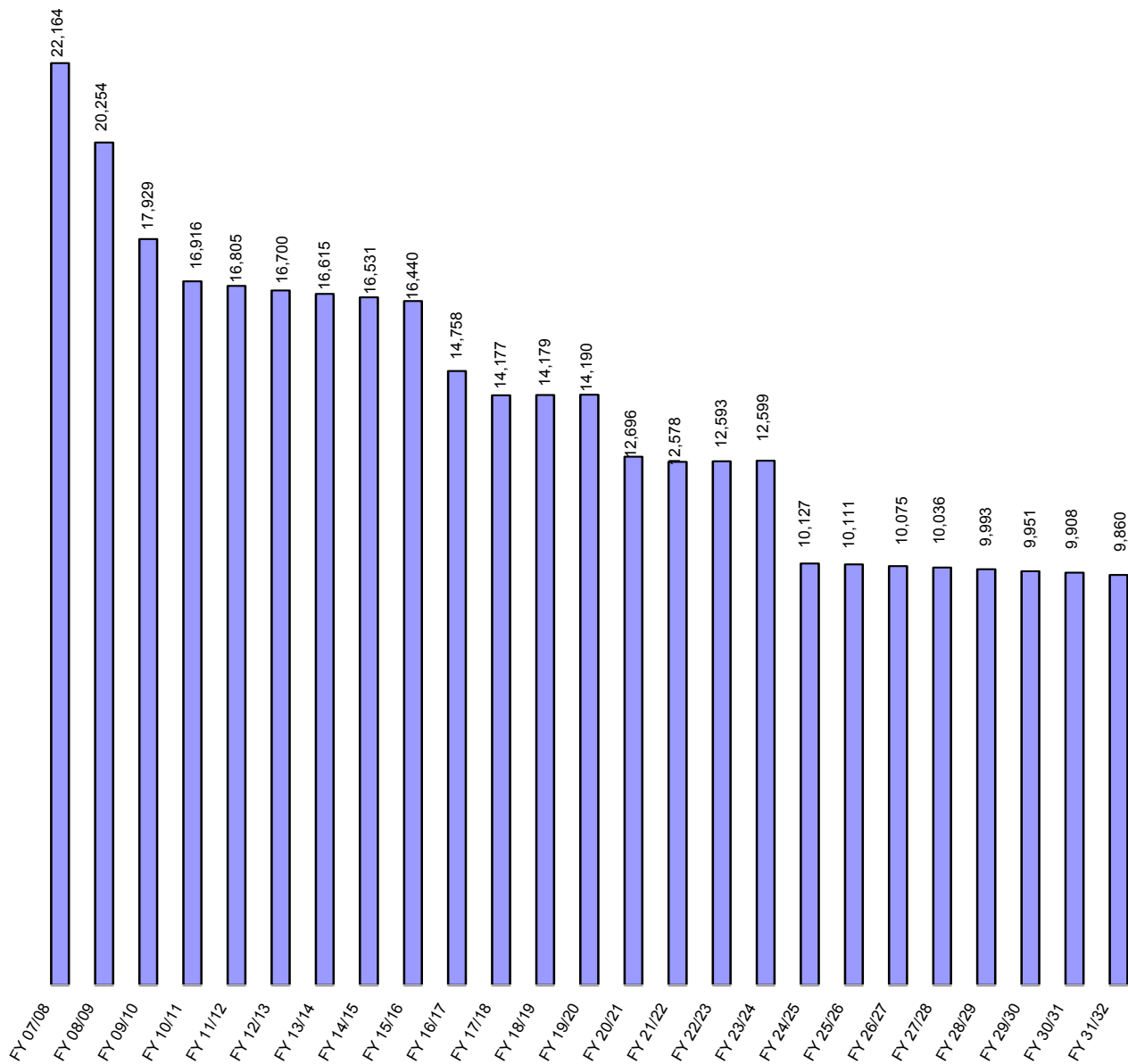
Bond Issue	Final Maturity	Principal Balance 6/30/2007	Principal Payable FY 07/08	Interest Payable FY 07/08	Total Payable FY 07/08	Principal Balance 6/30/2008
<b>General Obligation Bonds</b>						
G.O. Series 2000 A	05/20	795,000	795,000	39,750	834,750	0
G.O. Series 2004 A	05/24	30,165,000	1,355,000	1,172,450	2,527,450	28,810,000
G.O. Refunding Series 2004 B	05/17	27,860,000	6,230,000	1,256,500	7,486,500	21,630,000
G.O. Refunding Series 2005 A	05/20	13,550,000	90,000	606,570	696,570	13,460,000
Subtotal - G.O. Bonds		<u>72,370,000</u>	<u>8,470,000</u>	<u>3,075,270</u>	<u>11,545,270</u>	<u>63,900,000</u>
<b>Other Debt</b>						
Knox County - 2002	06/21	1,221,620	65,590	62,910	128,500	1,156,030
Subtotal - Other Debt		<u>1,221,620</u>	<u>65,590</u>	<u>62,910</u>	<u>128,500</u>	<u>1,156,030</u>
Grand Total- Fund 305		<u>73,591,620</u>	<u>8,535,590</u>	<u>3,138,180</u>	<u>11,673,770</u>	<u>65,056,030</u>
<b>Enterprise Fund Debt</b>						
Refunding Series 1999A	05/08	385,000	385,000	15,790	400,790	0
TN Loan - 1999	06/20	36,020,000	2,090,000	1,620,900	3,710,900	33,930,000
G.O. Series 2002 A	06/25	51,535,000	1,195,000	2,484,610	3,679,610	50,340,000
TN Loan Variable Rate - 2002	06/32	59,970,000	0	2,698,650	2,698,650	59,970,000
Subtotal - Enterprise Fund		<u>147,910,000</u>	<u>3,670,000</u>	<u>6,819,950</u>	<u>10,489,950</u>	<u>144,240,000</u>
		<u>221,501,620</u>	<u>12,205,590</u>	<u>9,958,130</u>	<u>22,163,720</u>	<u>209,296,030</u>

**City of Knoxville**  
**Debt Amortization Schedule**

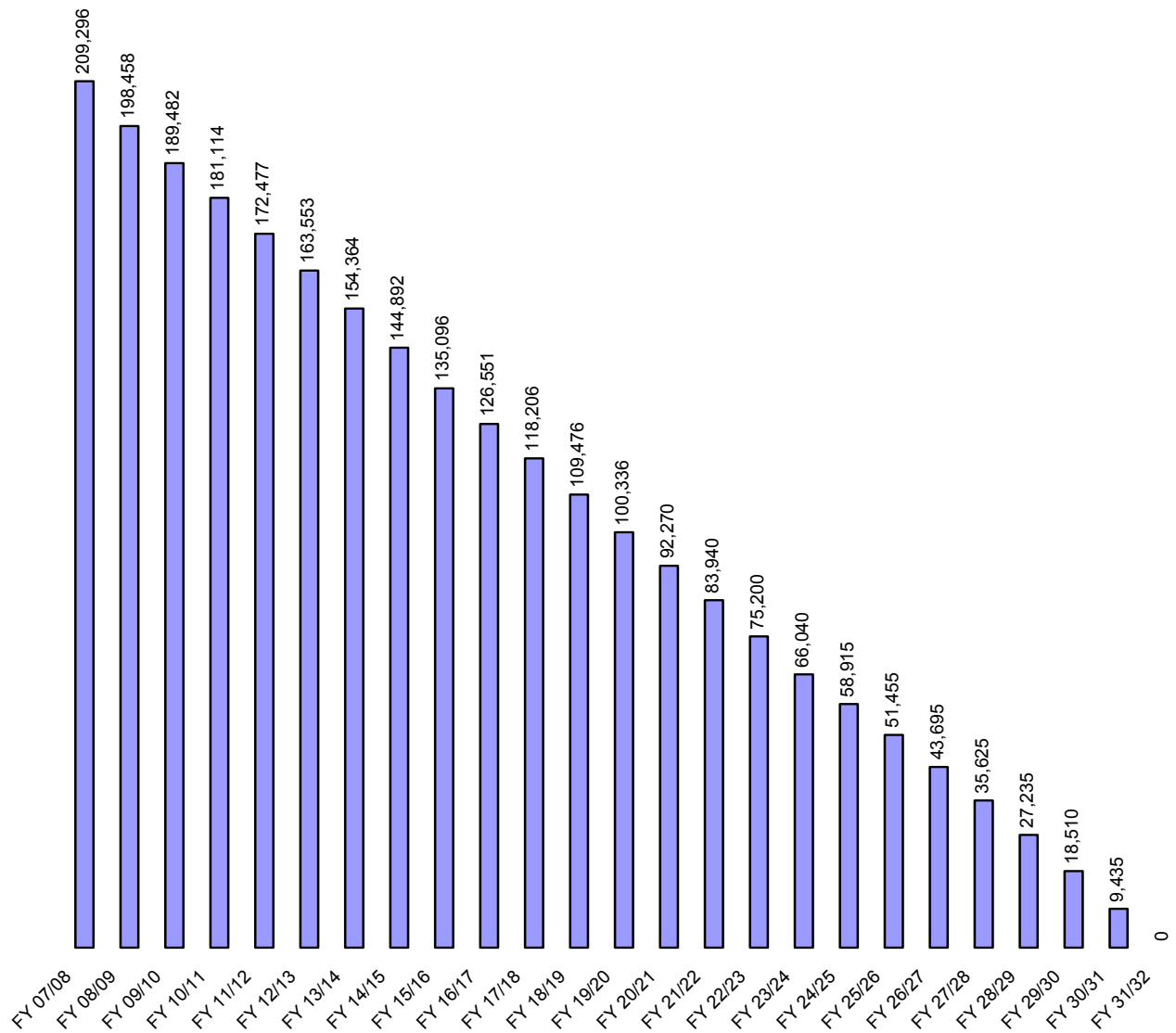
**Fiscal Years 2007/08 - 2031/32**

Fiscal Year	G.O. Bonds P & I	Other Debt P & I	Enterprise P & I	Total P & I	Principal Balance EOY
2008	11,545,270	128,500	10,489,950	22,163,720	209,296,030
2009	10,034,220	127,370	10,092,310	20,253,900	198,457,970
2010	7,708,310	126,360	10,094,190	17,928,860	189,482,340
2011	6,695,560	125,510	10,094,560	16,915,630	181,113,860
2012	6,584,180	124,510	10,096,530	16,805,220	172,477,340
2013	6,477,190	123,620	10,099,530	16,700,340	163,552,500
2014	6,393,690	122,950	10,097,990	16,614,630	154,364,140
2015	6,307,070	122,280	10,101,510	16,530,860	144,892,070
2016	6,213,470	121,920	10,104,670	16,440,060	135,096,010
2017	4,529,720	121,730	10,106,870	14,758,320	126,550,580
2018	3,947,040	121,520	10,108,350	14,176,910	118,205,590
2019	3,948,090	121,370	10,109,950	14,179,410	109,475,750
2020	3,952,890	121,360	10,115,280	14,189,530	100,335,680
2021	2,455,990	121,470	10,118,650	12,696,110	92,270,000
2022	2,462,190	0	10,115,900	12,578,090	83,940,000
2023	2,474,790	0	10,118,650	12,593,440	75,200,000
2024	2,483,390	0	10,115,900	12,599,290	66,040,000
2025	0	0	10,127,150	10,127,150	58,915,000
2026	0	0	10,111,180	10,111,180	51,455,000
2027	0	0	10,075,480	10,075,480	43,695,000
2028	0	0	10,036,280	10,036,280	35,625,000
2029	0	0	9,993,130	9,993,130	27,235,000
2030	0	0	9,950,580	9,950,580	18,510,000
2031	0	0	9,907,950	9,907,950	9,435,000
2032	0	0	9,859,580	9,859,580	0
	<u>137,911,030</u>	<u>2,122,990</u>	<u>283,852,590</u>	<u>423,886,610</u>	

Annual Debt Payments  
FY 2007/08– 2031/32



Remaining Debt Outstanding (End of Year)  
FY 2007/08 – 2031/32



## Capital Improvements Budget

FY 07/08

Project	Proposed Funding	Funding Source
<b>Administration</b>		
Redevelopment Area Acquisition Fund	50,000	Debt Service Fund
Cumberland Avenue Project	100,000	Debt Service Fund
Brookside Mill Clearing Project	75,000	Debt Service Fund
Neighborhood/Economic Development	300,000	\$100,000 General Fund, \$200,000 Debt Service Fund
Subtotal - Administration	525,000	
<b>Finance and Accountability</b>		
ADA Access Improvements	300,000	Debt Service Fund
Community Development - Loan Management Software	40,000	Debt Service Fund
Blighted Property Acquisition	200,000	General Fund
Chronic Problem Properties	250,000	General Fund
Sidewalk repair in areas adjacent to façade projects	150,000	General Fund
Façade Improvement Program	300,000	\$100,000 General Fund, \$200,000 CDBG Fund
KCDC Park City Infill Housing	300,000	\$150,000 General Fund, \$150,000 CDBG Fund
Email Records Compliance	700,000	General Fund
Subtotal - Finance and Accountability	2,240,000	
<b>Operations</b>		
Fleet - Garage Generators	75,000	General Fund
Fleet - Impound Security System	50,000	Abandoned Vehicle Fund
Fleet - Fuel Pumps	60,000	General Fund
Fleet - Truck Lifts	50,000	Debt Service Fund
Fleet - Front End Machine	48,000	Debt Service Fund
Fleet - Air Compressor	12,000	Debt Service Fund
Fleet - Lift Replacement	12,000	Debt Service Fund
South Knoxville Waterfront Project	10,200,000	\$1,200,000 Debt Service Fund, \$9,000,000 Bonded Debt
South Knoxville Transportation Improvements	1,485,000	\$300,000 Debt Service Fund, \$1,185,000 Federal Grants
Subtotal - Operations	11,992,000	
<b>Community and Neighborhood Services</b>		
Bridge Maintenance Program	650,000	State Street Aid Fund
ADA Curb Cuts	250,000	State Street Aid Fund
Sidewalk Safety Program	200,000	State Street Aid Fund
Citywide Resurfacing Program	4,600,000	General Fund
Alley Paving	200,000	General Fund
SAFETEA-LU Roadway Improvements Match	640,000	General Fund
Neighborhood Drainage Imps. Program	250,000	General Fund
Citywide Traffic Calming	100,000	General Fund
Traffic Signal Modernization Program	175,000	State Street Aid Fund
Citywide New Sidewalk Construction	400,000	\$200,000 General Fund, \$200,000 CDBG
Replacement of Jackson Avenue Ramps	100,000	Debt Service Fund
Gay Street Sidewalk - 100 Block	1,000,000	Debt Service Fund
First Creek Imps. - Phase II Lower End	1,200,000	Debt Service Fund
Cross Park Drive Drainage, Phase II	200,000	General Fund
Valley View Realignment Project	1,000,000	Debt Service Fund
Knox Blount Greenway	290,400	Debt Service Fund
Permit Tracking	150,000	Debt Service Fund
I-275 Business Park Improvements	248,000	Debt Service Fund
Gay Street Lighting Improvements	300,000	Debt Service Fund
Ten Mile Creek Greenway	300,000	Debt Service Fund
Central Avenue Pike/Merchants Dr. Intersection Imp	200,000	General Fund
Summit Hill and Main Avenue Crosswalk Reply.	100,000	Debt Service Fund
Crosswalk Safety Program	100,000	Debt Service Fund
Upper Second Creek Greenway	82,300	Debt Service Fund
Downtown Transit Center	5,000,000	\$500,000 Debt Service Fund, \$4,500,000 Federal Funds
Ballfield, Tennis Courts and Playground	150,000	General Fund
West Hills Tennis Facility Improvements	100,000	Debt Service Fund
Golf Course Improvements	100,000	Debt Service Fund

## Capital Improvements Budget

FY 07/08

Project	Proposed Funding	Funding Source
Fourth and Gill Park Improvements	75,000	Debt Service Fund
Park Restrooms	150,000	Debt Service Fund
Fort Kid Playground	150,000	Debt Service Fund
Public Works Facilities Master Plan	350,000	Debt Service Fund
Solid Waste Transfer Facility Stormwater Upgrades - Catch Basins	75,000	Debt Service Fund
Solid Waste Transfer Facility Stormwater Upgrades - Dewatering Pit	79,000	Debt Service Fund
Roof & HVAC Program	200,000	General Fund
Subtotal - Community and Neighborhood Services	19,164,700	
Police		
Mobile Communications	100,000	Debt Service Fund
Indoor Range	45,000	Police Training Fund
FATS Simulator	71,600	Police Training Fund
Subtotal - Police	216,600	
Fire		
Paving of Training Facility	250,000	General Fund
Arson Building Improvements	150,000	Debt Service Fund
Subtotal - Fire	400,000	
Municipal Court		
Counter Renovations for ADA accommodation	40,000	General Fund
Court Software Replacement	500,000	Debt Service Fund
Subtotal - Municipal Court	540,000	
Public Assembly Facilities		
Chilhowee Park - Resurfacing of Midway Area	161,000	Debt Service Fund
Chilhowee Park - Storage Building	90,300	Debt Service Fund
Civic Auditorium - Renovation of Lobby	300,000	Coliseum Restoration Fund
Civic Auditorium - Door Replacement	30,000	Debt Service Fund
Civic Auditorium - Energy Management System	300,000	Debt Service Fund
Subtotal - Public Assembly Facilities	881,300	
Other		
Ross Building HVAC Project	128,470	General Fund
Ross Building Parking Lots	75,000	Debt Service Fund
Convention Center - Tilt Skillets	35,000	Debt Service Fund
Convention Center - Table & Chair Additions	50,000	Debt Service Fund
Convention Center - Glass Door Replacement	35,000	Debt Service Fund
Convention Center - Meeting Room Digital Signage	30,000	Debt Service Fund
Knoxville Zoo	1,000,000	General Fund
Subtotal - Other	1,353,470	
Grand Total	\$ 37,313,070	